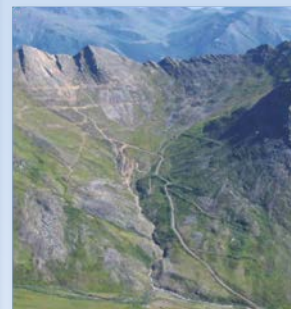


Report of the 2011 Alaska Minerals Commission

ACTION ITEMS

1. Provide adequate funding for permitting agencies instead of creating legislative appropriations for studies (i.e. Pebble Study) that are outside of the established State of Alaska project review and permitting process.
2. Implement reforms to prevent public litigant and third-party lawsuits from stifling development.
3. Build a road to Western Alaska that includes access to Brooks Range mineral deposits.
4. Support efforts to communicate the benefits that mining brings to Alaska and its communities.
5. Bring energy infrastructure to western Alaska to support communities and mining projects in the region.



Top Left: LMS drilling – Goodpaster district.
Top Right: Arctic deposit Ambler district – Brooks Range. Bottom: Aqqaluk pit at Red Dog.

Mining provides the necessary building blocks of our society. The mining industry has demonstrated its ability to help diversify Alaska's economy and to provide wide-ranging employment opportunities in both rural and urban areas, all while operating to the highest environmental standards. In an industry controlled by global economic conditions, Alaska mineral development must be competitive while developing a sustainable industry. To this end, there are actions that the Governor and Legislature should take now in order for the mining industry to be able to grow and to continue to contribute to our society in the future for the prosperity of Alaska.

The Alaska Minerals Commission presents this 2011 report with the 5 specific action items identified above, thereby fulfilling the Commission's statutory mandate to make recommendations annually to the Governor and Legislature on ways to mitigate constraints on the development of minerals in Alaska.

CRITICAL SUPPORT FOR PERMITTING AGENCIES

Alaska is establishing an ineffective and dangerous precedent by imposing additional legislative oversight studies on resource development that are outside the regulatory process and prior to permit filing. The proposed study lacks a specific scope or objective, and especially because there is no proposed project to evaluate at this time. Without a project proposal, a study is limited to conjecture about potential project configuration and mitigation. Research and findings may be unrelated to what is actually proposed when a final project design is submitted. With no specific project to review and no way to better understand the local environment, such a study is doomed to irrelevancy compared to the rigorous environmental review process imposed by the state and federal government agencies. Spending \$750,000 on such a study of the Pebble Project is an inefficient use of State resources and it sends a message of unpredictable process to potential investors in Alaska's economy.

RECOMMENDATION

A better use of limited public funds would be to invest in technical support for the State Large Mine Permitting team. These funds could augment the team with experienced staff and third party technical experts to critically evaluate the project once a definitive proposal that warrants review is received. In fact, the State should critically review its financial support for all regulatory agencies to ensure that a core of competent staff are available to timely review all development projects in Alaska, not just at Pebble.



LITIGATION REFORM

Resource development in Alaska must comply with one of the most stringent environmental jurisdictions in North America, yet public litigant and third-party lawsuits are further delaying and stifling development. Beyond the adverse impact on industries and investment in Alaska, the information requests for "discovery purposes" are further paralyzing the agencies by consuming their budgets and diverting limited staff from completing their constitutionally and legislatively assigned tasks. The following administrative and legislative support is required to limit the negative impact from this obstructionist legal maneuvering:

RECOMMENDATION

- ✦ Require bonds from organizations initiating legal actions;
- ✦ Continue to join suits as an affected party in other states if an adverse decision in that case will become a precedent that may be applied in Alaska;
- ✦ Continue to join suits filed in Alaska if an adverse decision in that case will adversely affect the state's ability to financially benefit from its natural resources;
- ✦ Support budgets to hire legal expertise needed in natural resource development cases;
- ✦ Require plaintiffs to pay legal fees for all portions of the rulings against their position;
- ✦ Support budgets that will enable the Attorney General to evaluate previous litigation reform in court rulings to develop a game plan for meaningful reform; and Work with other states to petition U.S. Congress to remove the "Tax Exempt" status from these litigious organizations.

TRANSPORTATION INFRASTRUCTURE

The Commission would like to thank the Governor's office and the legislature for support for the Western Alaska Access Project and for the Ambler Mining District Access studies. We encourage ongoing support to complete these critical projects.

RECOMMENDATION

- ✦ Build a road from Fairbanks to Nome that includes access to the Brooks Range mineral deposits in the Ambler Mining District through the Roads to Resources program.
- ✦ Investigate transportation corridors in southwest Alaska that would facilitate mineral development and also lower the cost of living and provide more affordable energy.

FINDINGS

- ✦ Transportation infrastructure related to mineral development has played a critical role in rural areas of the state, supporting lower cost energy and a lower cost of living. With the current upswing in commodity prices and interest in minerals development, Alaska can capitalize on leveraging private sector development with statewide goals and rural needs in public-private partnerships.
- ✦ The increase in activity in the Arctic for shipping, energy, and mineral development is necessitating an increased presence by the U.S. Coast Guard in the Arctic. The need for deep water ports in the Arctic associated with this increased presence provides an opportunity to coordinate roads to potential ports with mineral development projects.
- ✦ We also recommend that any transportation plan grow from the regional and project need in concert with statewide planning. Local support will be key for any projects to advance, hence the need for local support. Again a good example is the growing interest in roads in Northwest Alaska from the local levels and the coordination of the Department of Transportation working with industry and the communities for viable projects with local support.

MARKETING AND EDUCATION

The State of Alaska must very actively market itself to the rest of the world and demonstrate that it is open for business in resource development. Legislators and Alaskans in general need to understand the great benefits that mining brings to the State and its communities.

RECOMMENDATION

- ✦ Expand budget for marketing presence domestically and in foreign countries
- ✦ Encourage elected officials to participate in mine tours provided through the Council of Alaska Producers
- ✦ Increase funding for Alaska Resource Education (ARE) to \$150,000 annually
- ✦ Provide funding for a statewide Minerals Education & Promotion Program
- ✦ Provide funding to make the UAF College of Engineering and Mines the premier mining and geology program in the United States
- ✦ Support state and federal programs to train and educate workers for the mining industry

ENERGY

Invest in low-cost energy capacity on the existing grid. On a regional basis, expand energy distribution infrastructure and generation capacity using the least costly, most available resource whether that is coal, wind, solar, hydro, geothermal, or small scale nuclear.

RECOMMENDATION

- ✦ Bring energy infrastructure to western and southwestern Alaska to support communities and mining projects in the region.
- ✦ Expand low-cost base load energy on the existing electrical grid.

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The Alaska Minerals Commission was created by the 14th Legislature and signed into law on June 6, 1986. The enabling legislation instructs the Commission to make recommendations to the Governor and Legislature on ways to mitigate constraints, including governmental constraints, on the development of minerals, including coal, in the state (AS 44.33.431; Chapter 71, SLA 88).

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