Resource Development Council
121 W. Fireweed, Suite 250
Anchorage, AK 99503
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Resource Review

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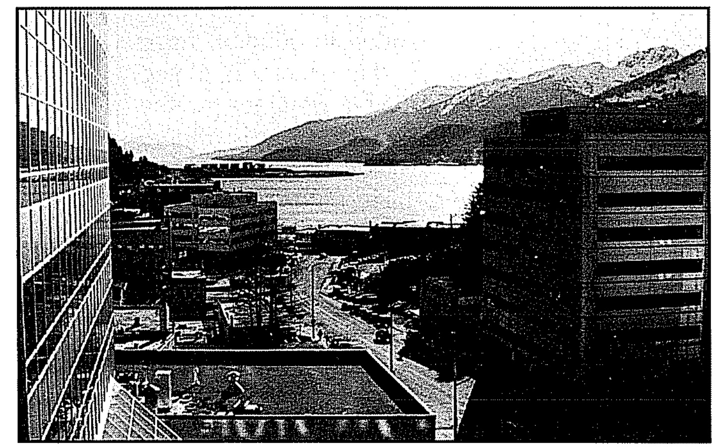
"Echo Bay's experience with the A-J Mine is a case study of a project that became so bogged down in regulatory quagmire that rising costs eventually killed its economics."
- Tim Bradner

Regulatory and political problems played big part in demise of A-J project

After spending $110 million over the past eleven years to reopen the Alaska-Juneau (A-J) gold mine, Echo Bay Mines is closing the doors on its Alaska project, instead directing its investment capital to develop smaller mines in Canada and Mexico.

While the estimated gold reserves at A-J are considerable, a recent feasibility study and the results of a two-year drilling program indicated a smaller resource at only a marginally higher grade. A new mining plan incorporating the new information showed a reduced scale of operations and higher-cost mining methods. The lower reserves and higher operating costs, coupled with excessive regulatory delays and revisions in permitting requirements, rendered the project uneconomic as currently designed.



Juneau was founded on mining, named after a miner and half the downtown district is built on tailings from the underground A-J Mine. (Photo by Carl Portman)

"Echo Bay's experience with the A-J Mine is a case study of a project that became so bogged down in regulatory quagmire that rising costs eventually killed its economics," wrote Tim Bradner in his February 2 Anchorage Daily News business column. "If that was the strategy of mine opponents, it worked," Bradner said. "The fact is that regulatory and political problems played a big part in the demise of the project."

For example, Bradner noted the company's decision to pull out of the project was based on incomplete data on gold reserves because the EPA never allowed the company to complete its exploration drilling program. Had the company been allowed to complete drilling, the economics might have been better as part of the ore body not tested was thought to be of higher grades.

A bum steer by the EPA early in the project didn't help either, costing the company $20 million and years of additional work.

The company had suggested building a pipeline to carry mine tailings to a deep underwater disposal site. The original idea for underwater tailings disposal came from early discussions between EPA, local officials and the company at the outset of the project's permitting process. That option was seen as a solution to potential dust and water quality issues and was considered the least costly and most environmentally-sensible option for tailings disposal. The company hired top experts to design an improved plan that would provide added safeguards and become an integral part of the mine design.

Five years later, EPA said it would not consider the option because its regulations did not allow for underwater disposal. The federal agency then directed Echo Bay to look at onshore tailings disposal. But after several more years and an additional $20 million to complete a new plan, the EPA claimed the onshore tailings disposal design wouldn't meet strict water-pollution requirements, despite what the company said was overwhelming evidence to the contrary. Suddenly, Echo

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"It is a sad day for Alaska to see the well-established workings of the mine remain inhabited by only rumors and ghosts."
- Becky L. Gay

Echo Bay pulls out of A-J project

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Bay found itself back to ground zero.

The company once again revised its mining plan and agreed to eliminate the use of cyanide from the mining process. EPA then switched course again and said it would consider submarine disposal after all.

Senator Frank Murkowski said the A-J decision sends a "dangerous message to business," warning that the public review process and the layers of regulatory oversight can be misused by special interests to create delays which can ultimately force costs up and kill resource development.

"It shows that environmental groups, or bureaucratic wrangling, can still inflate the cost of projects sufficiently to make once seemingly sound projects potentially uneconomic," Murkowski said.

Alaskans for Juneau, a group opposed to the project, called the decision a "victory for the process," saying that mining has no place in Juneau.

RDC Executive Director Becky Gay rebutted that notion vehemently, noting the city was founded on mining, named after a miner and that half the downtown district is built on tailings from the underground A-J mine.

"A-J stands for the Alaska-Juneau Mine, so the rich legacy of gold mining is deeply imbedded in Juneau," said Gay. "It is a sad day for Alaska to see the well-established workings of the mine remain inhabited by only rumors and ghosts."

To have brought the A-J into production would have required an additional investment exceeding $300 million over the next four years. The company will write off its entire remaining investment in the project, $57 million, and will establish a reserve of $20 million to cover estimated reclamation and closure responsibilities.

Echo Bay was planning to begin construction at the mine in 1998. Once in full production, the A-J would have employed about 400 people, producing 300,000 ounces of gold each year. Presently A-J employs many graduates from the University of Alaska School of Mines.

A-J has proven reserves of 3.4 million ounces of gold and other mineralization of 1.6 million ounces.

Despite Echo Bay's decision, the A-J could someday re-open. "The mine doesn't go away," pointed out Jules Tileston, director of the State Division of Mining. "The minerals are still there."

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

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RDC is located at 121 W. Fireweed, Suite 250, Anchorage, AK 99503, (907) 276-0700. Fax: 276-3887.

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RDC's e-mail address:
rdc@aonline.com

Writer & Editor
Carl Portman

Transportation corridor policy draws fire

In a sharply worded letter to Interior Secretary Bruce Babbitt, Governor Tony Knowles protested a revised policy by the Interior Department regarding RS 2477 rights of way determinations in Alaska. In a memorandum issued late last month, Babbitt repealed an earlier agreement with Alaska and other states regarding the administration of historic rights of way across federal land.

"This initiative expressly revokes the department's 1988 policy that was negotiated over several months with Alaska and other western states," Knowles said. "It is also troubling because it violates the spirit of the Congressional prohibition on further Interior development of RS 2477 policy contained in last year's appropriations bill."

The Interior Department failed to consult with Alaska or other Western states before announcing the new policy. A new, restrictive definition of the word "highway" used in the Interior memorandum could jeopardize patterns of traditional use in Alaska.

Babbitt's new definition of "highways," which Congress has barred through its moratorium on the enforcement of new regulations without congressional approval, is defined in the policy memo as thoroughfares used by the public "for the passage of vehicles carrying people or goods from place to place." Alaska has strongly objected to this definition because many potential RS 2477 claims in the 49th state are mere foot paths, dog sled and snow machine trails used over the decades by villagers in the Bush, where no modern thoroughfares exist.

Revised Statute (RS) 2477 is a federal law adopted in 1866 which granted transportation corridors through federal lands that were not otherwise reserved for public use. Though it was repealed in 1976, pending highway corridor claims were not terminated. Processing those claims, however, came to a halt after Clinton's 1992 election when Babbitt proposed regula-

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brief review

Bill focuses on water standards

HB 51, a bill pertaining to Alaska water quality standards, has passed the House Oil and Gas Committee.

The bill contains a requirement to automatically adjust state standards when federal changes result in less strict standards, or when federal mandates are deleted from law. The bill requires state regulators to set standards and criteria which are scientifically supportable, consistent with existing federal standards and realistic for Alaska.

HB 51 provides an allowance for discharge waters to match the quality of the receiving waters. It also provides a statutory mandate for mixing zones in regulation.

RDC board to meet in Juneau

Members of RDC's board of directors will meet in Juneau February 19-20 to advance the organization's legislative and administrative priorities for 1997. The Council will address a wide range of issues affecting the oil and gas, mining, timber, tourism and fishing industries. Priorities range from a wide array of regulatory issues to transportation infrastructure, access and permitting measures.

RDC supports traditional access

Alaska must retain the widest possible range of multiple uses on its lands and preserve as many options as possible for access, especially traditional access for recreation and other uses, RDC staff told legislators at recent public hearings.

HB 23 and SB 35 would require legislative approval of state agency decisions to restrict traditional access for recreation and other uses. The two bills would make the process of increasing access restrictions and prohibitions more open to the people of Alaska.

Traditional forms of access, including aircraft, snowmobiles and boats, are an essential element in Alaska's unique access equation, RDC noted.

Proposed action for Red Dog Creek

In a letter to the Alaska Department of Environmental Conservation (DEC) last month, RDC supported a proposed action to amend water quality standards to establish site-specific criteria for Total Dissolved Solids (TDS) for Red Dog and Ikalukrok Creeks.

DEC's proposed action to remove the one-third above background limit for TDS in the two creeks is a positive action in refining water quality standards to reflect realistic Alaska conditions, RDC noted.

Deal saves sawmills

The Clinton administration is putting the finishing touches on an agreement with Louisiana Pacific Corporation that will keep the company's two sawmills in Southeast Alaska operating for at least three years. The tentative agreement will preserve 400 timber jobs at Ketchikan Pulp Company's Ward Cove and Metlakatla sawmills. Under the deal, KPC will receive about 310 million board feet of timber over three years. The timber already has been released for logging under the company's current long-term timber supply contract. The two sawmills could remain open after the three-year supply is exhausted, but only if enough timber is made available through the new Tongass Land Management Plan which the Forest Service is expected to release soon. An earlier draft called for dramatic reductions in logging.

ESA petition

The U.S. Fish and Wildlife Service received a petition from an environmental group to list the Northern Goshawk and the Alexander Archipelago Wolf as a threatened or endangered species. Such a listing would be yet another blow to logging in the Tongass National Forest.

Forest Service revising Chugach plan

A new 10-year management plan for the Chugach National Forest should emphasize specific actions to restore forest health, reduce the risk of catastrophic wildfire and maintain a multiple use mandate in which national forest policy has long been centered, RDC told the U.S. Forest Service recently.

The Forest Service is beginning the revision process for its land management plan. The original plan, completed in 1984, will be revised to reflect any changes to the environmental, social or legal conditions that have come about since the plan was approved.

In a report to the Forest Service, RDC said the new plan should not be based on public opinion polls, but grounded in good science. Managers should resist decision-making based on aesthetics, mis-guided public opinion and perceived impacts to the forest, RDC advised.

The objective of the new plan should be to manage the forest toward a varied species composition and different age classes to reduce the risk of significant future beetle mortality and help restore long-term forest health, RDC recommended. The plan should also meet the growing need for increased access, including helicopter flightseeing and landings.

Feds to look at east side of NPR-A

The Department of Interior initiated an 18-month planning process for the northeast corner of the National Petroleum Reserve - Alaska to determine lands suitable for oil and gas leasing, as well as protection for wildlife.

Unlike the ANWR Coastal Plain, the 23 million acre NPR-A does not require Congressional action for leasing to occur. A number of lease sales have been offered there in the past and dozens of exploration wells have been drilled. More than 16,000 miles of seismic lines cross the reserve.

The Department of Interior was given discretion to lease in the reserve in 1981, and four lease sales were held between 1983-85. No sales were ever actively developed.

Interior Secretary Bruce Babbitt says oil leasing is "absolutely" the goal of the new study.

Property Rights bill

Senator Orrin Hatch (R-UT) plans to introduce a new "takings" bill early in the 105th Congress after the Omnibus Property Rights Act failed to come to a vote in the Senate last year.

Proponents assert that private property rights legislation is needed because the federal government has failed to comply with recent Supreme Court decisions upholding the rights of private property owners. They also note the federal government bankrupted individuals by taking property without compensation through wetlands regulations, endangered species listings and a host of other regulations. Sen. Dirk Kempthorne (R-ID) is working on draft legislation for ESA reauthorization.

Easley appointed to regulatory board

The Small Business Administration has appointed RDC board member Paula Easley to the Small Business Regulatory Fairness Board. She was one of 50 Americans appointed to 10 regional boards that will provide small businesses greater opportunities to influence federal agency regulatory enforcement practices. Easley will represent Alaska at a board meeting in Washington, D.C., this month.

U.S. Senate to consider Alaska wetlands measure

A measure to eliminate burdensome permitting requirements for the development of wetlands in Alaska was introduced in the Senate by Senator Ted Stevens.

"We have developed less than one-tenth of one percent of our wetlands in Alaska," Stevens said. "The national wetlands policy under the Clean Water Act does not work in Alaska — it was designed for the Lower 48 where 53 percent of the wetlands have been developed."

According to the U.S. Fish and Wildlife Service, there were 170.2 million acres of wetlands in Alaska in the 1780s and there are still 170 million acres in Alaska today. In contrast, only 104 million acres remain of the 221 million acres of wetlands in the Lower 48.

The bill would prevent Alaskans from having to obtain wetlands fill permits under Section 404 of the Clean Water Act to continue existing activities related to airport safety, logging, mining, ice pads, roads and snow removal. The bill would require Alaskans who must apply for wetlands fill permits to minimize adverse impacts, but eliminate the existing requirements to mitigate unavoidable impacts or prove no alternative sites are available.

Stevens' bill would require the Corps of Engineers to come up with a new, customized permitting process for lands conveyed to the State under the Statehood Act and to Alaska Native corporations under the Alaska Native Claims Settlement Act that does not include burdensome mitigation, avoidance and other requirements applying nationally.

The legislation would allow general permits to be established for the development of rural Alaska infrastructure such as water and sewer systems, airports, roads and schools without the existing requirement that the activity be determined not to add to the "cumulative" loss of wetlands nationally. It would also require the Corps to approve general permits at the request of the State for categories of activities such as small mining operations, erosion control prevention and forestry.

A special measure granting Alaska relief from the national "no net loss" wetlands standard made it through the House last year as part of the controversial Clean Water Act revision bill which died in the Senate. The Senate Environment and Public Works Committee, led by Chairman John Chafee (R-RI), has continued to impede a comprehensive clean water bill.

The national "no net loss" standard requires developers to adhere to three guidelines when building in wet areas, avoidance, minimization and compensatory mitigation. Consequently, the government can require anyone to pay for the protection or restoration of wetlands elsewhere to compensate for the wetlands lost to their project. Alaskans have argued that the standard makes little sense in Alaska where dry land is rare and wet land is so common. In addition, Alaskans point out their state has an excellent wetlands conservation record, unlike other states where most valuable wetlands have been developed.

In Alaska, rural villages are generally surrounded by wetlands and have no other option but to build schools, airstrips and basic community infrastructure over marshy areas. In some cases, wetlands are the only flat lands available for building. In many cases, it is 100 percent wetlands.

Wetlands permit to get stricter

In a move that will significantly tighten wetlands regulations, the U.S. Army Corps of Engineers will begin to phase out a permitting procedure for small tracts of land over the next two years.

Under a process known as Nationwide Permit 26 (NWP 26), developers can fill wetlands from one to ten acres without gaining individual permit approval from federal officials, but as of January 1997, the Corps will begin to lower that threshold to between one-third of an acre and three acres. In about 18 to 24 months, the Corps will eliminate the provision altogether.

Wetlands regulation reform advocates fear its elimination could have a devastating impact on builders and small landowners. Republicans in Congress claim the current permitting system already infringes on property rights and inhibits development.

The National Wildlife Federation is challenging NWP 26 and NWP 29, which allows landowners and homeowners surrounded by wetlands to make improvements to property of one acre or less. Environmentalists have long opposed the use of these permits and applauded the decision to curtail their use. Environmental groups, however, oppose a two-year phase out period and are suing the agency over the proposed timeline.

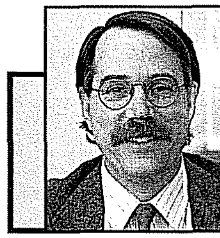
Reform advocates may seek legislative action to block the Corps' phase out of NWP 26, pointing out that such action will dramatically increase regulatory burdens on small landowners.

"Potentially thousands of individual permit applications will have to be filed by homeowners, business, and communities, requiring scarce time and money," said Rhod Shaw of the National Wetlands Coalition. "In addition, even those applicants that can use the transitory NWP 26 will face a heightened level of scrutiny by the Corps which will require on-site avoidance, minimization and mitigation for impacts of less than one acre."

Shaw said the Corps proposal to phase out the permit demonstrates the inconsistency and unpredictability of the federal wetlands program.

"The National Wetlands Coalition believes the proposed changes to the NWPs are yet another example of the constantly shifting nature of our federal wetlands policies and an illustrative example of the problem with the current program," Shaw added. "This situation is neither an appropriate approach to protect our wetlands, nor is it any way to treat permit applicants and communities that seek consistency and clarity from the program."

On behalf of Alaska communities, Native landowners and resource sectors, the Alaska Wetlands Coalition is monitoring the complex and evolving regulatory issues and is continuing its efforts to bring understanding of Alaska's unique wetlands inventory to the national debate.



Thoughts from the President
by Scott Thorson

Death in the family

Recent events in Ketchikan create real doubt for meaningful economic diversity. While on the surface the closing of the Ketchikan Pulp Company's (KPC) pulp mill does not seem like a big deal to some, the damage to the regional economy is significant and will be long lasting. KPC represents a major source of economic fuel and infrastructure for this Alexander Archipelago community and the quality of life will decrease for many residents.

Ketchikan is the state's fourth largest city and the closing of KPC will have far reaching effects throughout the Ketchikan Gateway Borough, home to 15,000 Alaskans. According to Alaska Department of Labor studies, up to 550 direct jobs will be lost by closure of the pulp mill and hundreds more if the company's two sawmills close. Tax revenues to the borough could shrink by at least 18 percent. There could be reductions in revenue to Ketchikan Public Utilities of up to $1 million annually.

According to a recent McDowell Group study, the largest sources of Ketchikan's job losses will be with logging firms, support services, construction and transportation companies. These are not low-paying jobs. They are some of the highest paying in Ketchikan.

It is difficult to estimate what will happen to the locally-owned and other service businesses which depend on those high-paying jobs that once made up 18 percent of Ketchikan's wage base. One should ask what services will no longer be available locally. Will the hospital have to close or cut back on services and staff? Will residents be able to take their vehicles into reliable shops for maintenance? Where will one have to go to buy that special stainless steel bolt for his boat? As the economy shrinks and service businesses are forced to close, it gets tougher and more expensive to live in Ketchikan, which will only add to the number of people leaving.

Closure of the pulp mill will cause real damage to the timber industry statewide. With much of Alaska's timber base old and decaying, many trees are not suitable for manufacturing into value-added products. The pulp mill assured a consistent market for the low-end logs that came off the forest. The mill created jobs in Ketchikan using those low-end resources.

With the closure of the mill, Alaska timber operators will be at the mercy of a very volatile and soft world market for pulp logs, unless a medium density fiberboard plant is built to process the low-end logs. Such a facility could be sustained on a smaller volume of timber than what was required to feed the pulp mill. Moreover, the processing of the resource into medium density fiberboard would not be as costly pulp.

But with the closure of the pulp mill, and no new facility on the horizon to process the low-end resource, a number of economically-marginal timber operations across the state could be in jeopardy, including the harvesting of beetle-infested spruce in Southcentral.

How did it happen and who made the decision that cost KPC its economic viability? The decisions that forced the mill to close were made by bureaucrats 5,000 miles away in Washington, D.C. Most of these people have never been to Alaska, and many of them would not be able to point out Ketchikan on a map. They don't care about the people who live and work in Southeast Alaska. These hard-working Alaskans are just pawns in the game of politics. The bureaucrats have apparently decided it benefits them more to throw preservationists a bone by hammering one more nail into the timber industry's coffin than to allow a diverse economy to continue in Southeast Alaska.

These are the same people who decided logging is a threat to the Alexander Archipelago Wolf and the Northern Goshawk, even though no population analysis for either species has been conducted for the Tongass. These are the same people who decided that cutting less than one quarter of one percent of the commercially-viable timber base per year is just too much, never mind that more trees are lost to wind, insects and old age. These are the same people who accept false and incomplete "information" from the environmental community at face value while ignoring scientifically-defensible data supporting timber harvesting — all in an effort to justify their political agendas.

Alaskans deserve better from Washington.

Minerals Commission submits report

The Alaska Minerals Commission has submitted its 1997 report to Governor Knowles, recommending continued state investment in aerial mapping of Alaska's mineral resources, state primacy over the federal National Pollutant Discharge Elimination System (NPDES) and support for AMEREF, a minerals and energy education program.

"The continued funding of the airborne geophysical surveys is just one of the legislative and administrative actions that have contributed significantly to continued strong growth of the mining industry," Alaska Minerals Commission chairwoman Irene Anderson and RDC Board member from Nome told Governor Knowles in a briefing on the 1997 recommendations. The Commission would like to see the mapping program institutionalized rather than based on annual appropriation.

The report highlighted a third consecutive year of strong growth for the Alaska mining industry. It contains 17 recommendations to the Governor and Legislature, according to Chairwoman Anderson.

Ft. Knox pours first gold bars

Operation is Alaska's largest gold mine

It was a golden Christmas at the Fort Knox mine deep in Alaska's Interior with the pouring of three gold bars weighing 2,128 troy ounces worth $800,000. The largest gold bar weighed 85 pounds, $460,000 at the current price of $369 per ounce.

About 50 Alaskans, including RDC staff, were on hand for the gold pouring, which was held December 20 as the temperature outside hovered at -30 degrees.

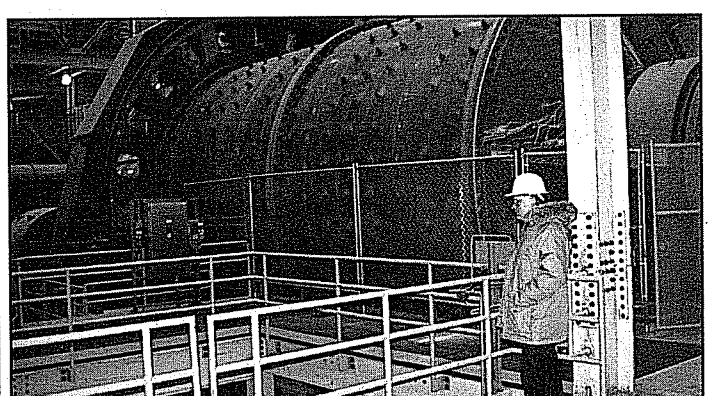
After nearly two years of construction and an investment of nearly $500 million to buy, permit and build the mine, Fairbanks Gold Mining, Inc., a subsidiary of AMAX Gold, has begun production at Fort Knox, located in the Fish Creek drainage about 20 miles north of Fairbanks.

Ft. Knox contains about 4.1 million ounces of proven reserves worth about $1.5 billion at today's gold prices, but it will take at least 12 years — with annual operating expenses of at least $76 million — to recover those reserves. The mine is expected to process between 36,000 to 50,000 tons of ore daily — that's how much rock must be crushed to achieve the mine's daily gold production of 1,000 ounces.

Since the mine will operate year-round, no seasonal layoffs are expected among an Alaskan workforce of 243.

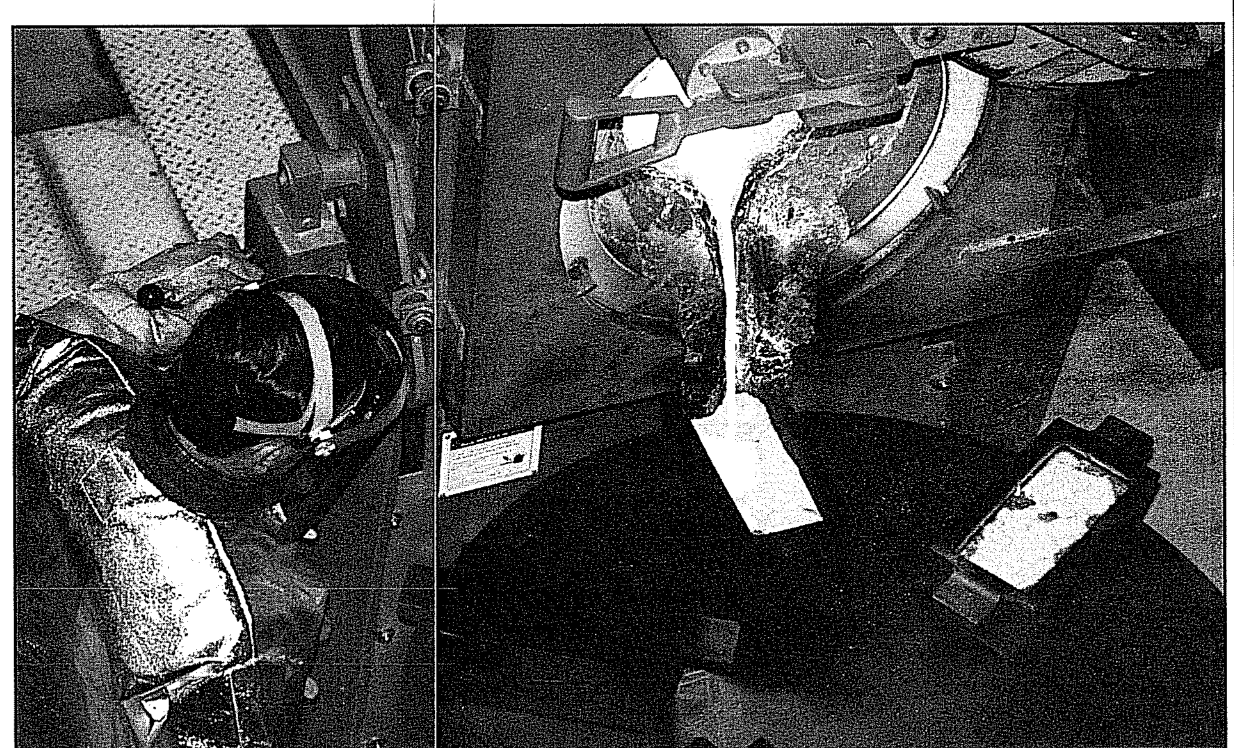
With production underway, Ft. Knox is a gold star for Interior Alaska's economy. Annual operating expenses include a weekly payroll of $300,000, monthly million dollar electric bills and yearly property taxes to the Fairbanks North Star Borough of $2.3 million.

While Ft. Knox pales in comparison to the economic boom Fairbanks experienced with the construction of the trans-Alaska pipeline, the mine will bring healthier, long-term growth and stability to the region. Salaries paid to Ft. Knox workers will put an extra $15.4 million into the local economy. In addition, the mine will create new jobs in existing businesses that provide services to the mine. Company officials estimate 850 secondary jobs will be generated in Fairbanks and across the state because of the mine.



The Ft. Knox mill is the largest in the world, using huge mechanical equipment to grind the mineral-rich ore and remove the microscopic gold flecks from the host rock.

Alaska gold producers will see a banner year in 1997 with total gold production projected at 550,000 ounces, compared to 150,000 ounces in 1996 and 141,000 in 1995. The previous peak this decade in statewide production was in 1991 when 243,900 ounces of gold were produced, according to the State Division of Mining. At right, Ft. Knox pours its first bars of gold. (Photos by Carl Portman)



Beyond the proven reserves of 4.1 million ounces, the Ft. Knox deposit could contain an additional 2.7 million ounces of gold. If those potential reserves can be proved up, the additional gold-rich ore could give miners more than the projected 12 years of work at Ft. Knox, good news for Amax investors as capital costs and construction expenses took a big chunk out of the mine's potential profits. Each ounce of Ft. Knox gold will cost Amax about $215 per ounce to mine, mill and melt into bars. And that doesn't include the $350 to $400 million in construction costs.

Meanwhile, a number of other mining companies have taken a serious interest in the spruce-dotted hills surrounding the Ft. Knox deposit. Placer Dome and Newmont Gold are exploring nearby prospects that may also hold large deposits.

The modern day Interior Alaska gold rush has resulted in a major increase in exploration dollars targeted to Alaska. The increased spending for mineral exploration and development boosted the industry's total value to nearly $1 billion in 1996, an all-time record. Construction at Ft. Knox was a major factor in the industry's record-setting Alaska investment, but it's not the only hard rock mine making headlines.

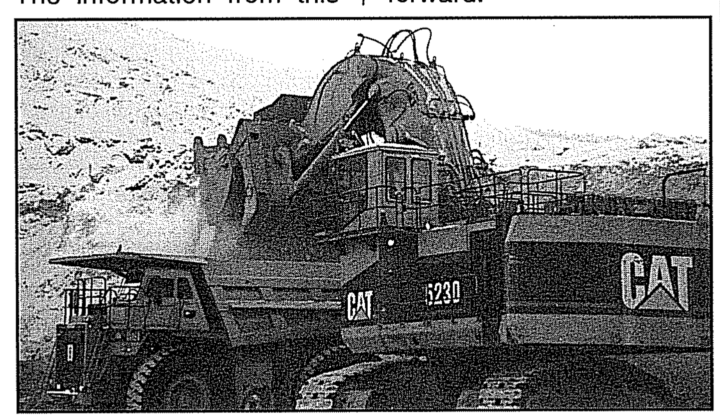
New discoveries at Red Dog in Northwest Alaska will make that mine the world's largest producer of zinc. The Greens Creek Mine, recently reopened near Juneau, will soon become the largest silver producer in North America, and the Illinois Creek Mine near Galena will begin production this spring.

The high level of exploration and development activity is a strong indication of the increased confidence industry has for doing business in Alaska. Over the past six years, the Legislature has made more than a dozen changes that have clarified laws, reduced unnecessary risk and improved the business climate for mining.

In the case of Ft. Knox, the company successfully passed through a complex permitting process in two years, a factor which caught the attention of major international mining companies which have long been discouraged by Alaska's economic and regulatory barriers. More-over, the State continues to fund airborne geophysical mapping of potential mineral-rich areas. The information from this program is vital to companies considering investments in Alaskan prospects.

But mining companies investing hundreds of millions of dollars in Alaska warn that despite promising geology and potentially giant mineral deposits, mines like Ft. Knox, Red Dog and Greens Creek have extremely tight economic margins because of enormous infrastructure and capital costs.

Thanks to the size of the deposits and the strength of the companies involved, those projects have moved forward.



Heavy equipment working year-round digs the ore from an open pit and transports it to a crusher. A one-half mile conveyor belt then carries the crushed ore to the mill.

RS 2477 policy draws heat from Westerners

(Continued from page 2)

tions that would make it harder for states like Alaska to get rights of way.

The fight has centered around what constitutes a valid claim. Western states maintain that a valid claim exists over any trail or path that was traditionally used by people to get from one place to another.

Deborah Williams, Babbitt's top Alaska aide, told the Anchorage Daily News the policy has no practical effect because of the congressional moratorium.

"To the extent that these actions are successful in confusing and intimidating right-of-way holders, Interior will be successful in its ongoing attempts to defeat RS 2477s across the West."

- Met Johnson

"The whole point of this was to make it unambiguous as to what the department's policy has been," Williams said. "This has always been our position and we're just making it eminently clear. This does not in any way change the administration's policy or practice."

Met Johnson, Executive Director of the Western States Coalition, pointed out that while Babbitt's office claims the memo is not a rulemaking, in practical effect, it constitutes a new effort to find a way to undercut established law.

"The Babbitt memo sets forth an illegal policy, which will be carried by Interior employees to state and local governments across the West as the only way to deal with RS 2477 rights of way," Johnson said. "To the extent that these actions are successful in confusing and intimidating right-of-way holders, Interior will be successful in its ongoing attempts to defeat RS 2477s in the West."

Alaska's congressional delegation also believes the memo represents a new effort by the administration to revoke the RS 2477 rights of way, contrary to more than 100 years of Interior policy and court rulings.

"It seems that the Secretary has tried to embody in department policy what the public and Congress rejected by stopping his proposed regulations," said Senator Frank Murkowski.

Sen. Ted Stevens said Babbitt's action shows the Clinton administration has not moderated its views on public access to federal lands.

State Senator Rick Halford noted that an RS 2477 is a prior existing right, not subject to repeal at a federal whim.

"The State should aggressively assert and defend all of the RS 2477s that have been researched and are ready for filing," Halford said.