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# Resource Review

July 1990

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## Wetlands hurdle may sink Kenai boat ramp

The regulatory reach of the wetlands permit program—fueled by an undefined goal of “no net loss”—is already being felt in Kenai where city officials have proposed building a boat ramp on the lower Kenai River to draw more tourists to their community.

The Army Corps of Engineers has asked Kenai to withdraw its application for a permit to build the boat ramp on private land just upriver from Cunningham Park. The Corps is reportedly under pressure from several other federal agencies which have come out against the permit.

Meanwhile, the Kenai City Council has refused to withdraw the application, instructing the city to pursue the permit for the tourism project.

(Continued page 6)

## Red Dog fully operational



Concentrates from the Red Dog mine are shipped by truck along a 52-mile road from the mine site to port facilities on the Chukchi Sea. (Cominco photo by Jeff Schultz)

## Red Dog celebrates official opening

While flying over the western flank of the Brooks Range some 22 years ago, Bush pilot and prospector Bob Baker caught eye of unusual rust-colored mineral stains in a creek flowing out from the mountains. A closer examination revealed that soils in the area were so rich in iron and other metals that one could actually see the minerals seeping into the water.

The Red Dog deposit, named after Baker's four-legged flying companion, turned out to be one of the world's richest concentrations of zinc ever discovered. However, many doubted that this immense deposit, located 120 miles north of the Arctic Circle in a remote wilderness accessible only by air, would ever be developed.

But after two and one-half years of continuous construction, Red Dog is now in production and will celebrate its official opening in August. The first Red Dog concentrates hit the mine storage building floor last November. This summer the concentrates will be barged to ships offshore.

Located in northwestern Alaska, 52 miles east of the Chukchi Sea and 90 miles north of Kotzebue, Red Dog is the world's second largest zinc/lead orebody. Operated by Cominco Ltd., and NANA Regional Corporation, Red

(Continued page 4)

# Educational outreach efforts fill RDC's summer



## Message from the Executive Director

by  
Becky L. Gay

### RDC to host congressional staff, discuss Alaska issues

Every year RDC has at least one community outreach trip for its board members, and this August, RDC's board members, spouses and staff will travel to Kodiak. Leading the delegation will be RDC President Bill Schneider. The group will tour the community and meet with locals to hear concerns, swap stories and see on-site action at the third-largest fishing port in America. A luncheon briefing with local elected officials, RDC members and citizens will bring individuals together to discuss pending resource issues of common interest, like wetlands. And because everyone needs art in their lives, we will attend a performance of "Cry of the Wild Ram," a first-class community production. Those staying through the weekend to enjoy Kodiak are expected to come back with big fish tales!

Our special tour guide will be Mayor Jerome Selby of the Kodiak Island Borough, who is also an RDC board member. A special thanks goes to Wayne Stevens, executive director of the Kodiak Chamber of Commerce, Tom Watson, director of the Kodiak Convention and Visitors Bureau and Kandy Plattner of the Westmark for their help in arranging the trip. Congratulations to the Westmark Kodiak on its beautiful, new, light-filled banquet room. RDC looks forward to meeting there!

Later in August, RDC will host key Congressional staff from committees of jurisdiction on Alaska issues to see first-hand a variety of situations involving wetlands. If all invitations are accepted, the House Public Works and Transportation, Merchant Marine and Fisheries, and Interior and Insular Affairs committees will be represented, as well as the Senate Energy and Natural Resources and Senate Environment and Public Works committees.

Planned are a one-day trip to the Yukon-Kuskokwim delta

region, a trip to the North Slope and a "road-trip" in the Municipality of Anchorage and the Matanuska-Susitna Borough region. Given more time, RDC would like to show them Southeast, the Aleutians and Interior Alaska wetlands as well, but time does not permit the distances to be covered. RDC staff and board members, as well as local community folks, will be the "tour guides," so rest assured the visitors will have a good orientation.

Next, RDC will be testifying at the National Energy Security hearings conducted by Deputy Energy Secretary Henson Moore in Fairbanks at the end of August.

*"Our ability to maintain a high quality of life in Alaska, replete with life-styles choices which include a decent job for those who want one, hinges on our ability to communicate to the rest of the country that we love Alaska as much as they do and care about its future even more."*

Back on the wetlands education front and at the request of RDC, the Alaska Congressional delegation and others, the Domestic Policy Council (DPC) will meet in Alaska September 7 to hold hearings on wetlands. RDC and the Alaska Wetlands Coalition will give testimony. The two organizations are producing a briefing paper for the DPC which includes an outline of the problems, the issues at stake (ranging from the Advanced Identification Process to the question of jurisdictional wetlands) and suggestions and solutions for sound wetland policy which works for, not against, Alaska.

The end of summer promises to be a busy month for RDC educational outreach efforts in the state and on the federal level. Educating others about critical land, water and habitat issues in Alaska grows increasingly important as the decade of the environment defines the policy decisions which will affect our future.

Our ability to maintain a high quality of life in Alaska, replete with life-styles choices which include a decent job for those who want one, hinges on our ability to communicate to the rest of the country that we love Alaska as much as they do and care about its future even more.

# RDC addresses subsistence

The federal takeover of fish and game management on federal lands in Alaska is an unacceptable subrogation of a right that Alaska has enjoyed since statehood, and opens the door to a number of scenarios that could not only restrict subsistence use, but stonewall resource and economic development.

The Resource Development Council worked for legislative action during the recent special session to retain state control over fish and wildlife management on federal lands. However, a measure aimed at keeping subsistence hunting and fishing under state control failed to win a two-thirds majority vote in the House.

RDC had several meetings on the issue, with thorough presentations from the Alaska Federation of Natives, the National Rifle Association and the

Alaska Outdoor Council. After lengthy review, RDC's Executive Committee unanimously passed a policy statement endorsing the position of keeping subsistence hunting and fishing under state control. If a constitutional amendment is required, then RDC supports that action.

RDC's primary interest is ensuring that Alaska has a thriving resource-based economy — a goal that will be even harder to attain once the subsistence issue is kicked back to the Interior Department and the U.S. Congress.

Alaska-based environmental groups and their national colleagues have embarked on campaigns to address the subsistence issue, with primary goals to designate more federal wilderness in Alaska and limit access on federal lands.

# Quartz Hill: RDC urges EPA to reconsider stand

(Continued from page 3)

In comments submitted to the EPA, RDC challenged the reversal and pointed to several inconsistencies in the decision. The most glaring observation that can be made is that EPA gives no explanation in its denial regarding how the same data and factors used in 1988 could produce a different decision in 1990 with respect to the environmental impacts at the proposed site.

In reviewing the reversal, RDC said it is apparent that many of the problems EPA makes with regard to the Wilson Arm/Smeaton Bay site would occur well into the future, (in some cases, 45 years down the road). Resource development history has proven that technology increases as projects develop and the operators of the mine must reapply for the discharge permit every five years. During the timeline prior to the alleged problem period, U.S. Borax will be required to renew the permit eight times. RDC contends that EPA has made

an arbitrary decision that flies in the face of volumes of scientific data compiled at great expense by the federal government and U.S. Borax. The original NPDES permit approval incorporated a broad review of the environmental and socioeconomic factors, while the recent tentative denial is the result of concerns over marine impacts only.

RDC continues to support the U.S. Forest Service's Record of Decision and has urged EPA to consider all the impacts as is required, before making a final, binding decision. The original four-year evaluation that resulted in the Final EIS reviewed all the data and considered all project impacts. That record concluded that Wilson Arm/Smeaton Bay was the appropriate area for tailings disposal.

RDC believes that the exhaustive work contained in the Final EIS speaks for itself, as did the decision regarding tailings disposal that emerged from that process.

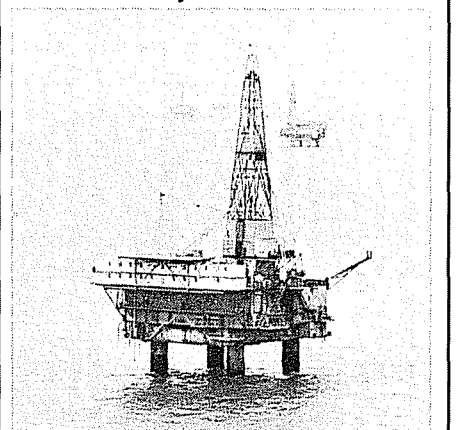
# Exploration must move forward in Chukchi Sea OCS

The Resource Development Council has urged the U.S. House Interior Appropriations Subcommittee to approve funding for activities related to the Chukchi Sea OCS lease sales.

In a letter to Representative Sidney Yates, Chairman of the subcommittee, RDC supported Congressman Don Young's position, and the position of Governor Steve Cowper, who are in favor of the FY 1990 appropriation to the Department of the Interior for planning and response studies.

"Alaskans live with oil exploration and development, and are perhaps more aware of the implications of domestic versus foreign production," wrote RDC Executive Director Becky Gay. "Currently, the United States is more dependent on foreign sources of energy than ever, and more domestic oil producers are looking elsewhere for production sites due to the roadblocks that have been thrown in front of them domestically."

RDC believes that Alaska has enormous untapped energy potential and urges support for funding to see that exploration and development can go forward in the Chukchi Sea in a timely fashion.



As U.S. reliance on foreign oil increases to dangerous levels again, a national energy policy must encourage the wise development of oil reserves to bolster the domestic supply.

The Resource Development Council (RDC) is 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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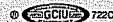
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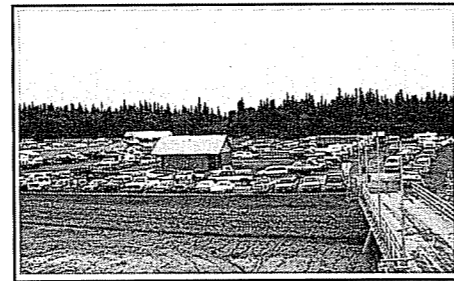
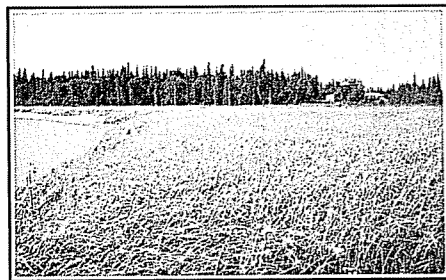
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**Writer & Editor**  
Carl Portman





# Kenai tourism project held up by federal wetlands regulatory hassle



The proposed boat ramp site is located in a meadow near some homes a short distance from downtown Kenai. As shown in center photo, the site is located along a busy stretch of the Kenai River. The existing boat facility at the mouth of the river, pictured at far right, is frequently congested. Few tourists choose to use it due to problems of congestion with commercial fishing vessels and limited abilities to launch at low tides. (photos by Jack La Shot)

(Continued from cover)

The Kenai regulatory hassle is just one example of how difficult it has become to obtain a permit for any development on Alaska wetlands. For months now, the Resource Development Council and the Alaska Wetlands Coalition have warned that the emerging federal wetlands policy will stifle resource and community economic development projects across the state. The fact that the wetlands may be private land owned by a taxpaying individual is immaterial.

Since 79 percent of Alaska's non-mountainous lands fall under the broad and overreaching definitions of wetlands, the state and its local communities have a great deal to lose from an ill-defined wetlands goal that expands the power of regulatory agencies.

Earlier this summer, the Environmental Protection Agency, the U.S. Fish and Wildlife Service and the National Marine Fisheries Service advised the Corps to deny the Kenai permit on environmental grounds. Al Ewing, Assistant Regional Administrator of the EPA, said the area to be filled is part of the high value wetlands of the Kenai River estuary. Ewing said the land contributes to an aquatic ecosystem that supports moose, caribou, waterfowl, shorebirds and the river's fishery.

Ewing also questioned the need for the boat ramp since there are other facilities of the same purpose within a reasonable distance of the proposed project.

But Kenai Mayor John Williams, who calls the project a key in the city's tourism development puzzle, hotly contends that the proposed ramp site is not wetlands and that there is major demand for the project. Williams said the site was chosen for its location along the fringe of wetlands, in an area believed to be of lower value as wildlife habitat.

City Engineer Jack La Shot said it cannot be assumed that because an area has been classified as "wetlands" by the Corps definitions, that the area is necessarily wetlands or critical habitat. La Shot noted that over one half of all the land within the City of Kenai has been classified as contiguous wetlands.

The Kenai River Comprehensive Management Plan land ownership map shows the City of Kenai as owner of the majority of the Kenai River flats wetlands, most of which are considered critical wetlands. The city has an agreement to purchase the privately-owned ramp site at a cost of \$180,000 to provide what Williams calls a less environmentally-damaging project site, immediately north of other city-owned wetlands.

Williams maintains that if there was no consideration being given to developing wetlands based on perceived habitat value, the city surely would attempt the project elsewhere on its own property.

Williams also defended the need for the project, pointing out that there are 10 river miles of the most heavily utilized portion of the Kenai that has no developed access. He said it is wrong for the federal agencies to assume the public need is being met just because launch sites exist elsewhere on the river.

Mayor Williams pointed to frequent visitor complaints about the lack of a convenient public place to launch boats, one that is close to downtown, yet upstream of the river mouth where sport fishing is best. He said access is needed in the area of the proposed project, as evidenced by growing problems at nearby Cunningham Park and dangerous congestion at the existing Kenai Boating Facility at the mouth of the river.

The existing facility is available to upriver sport fishermen, however, few choose to use it due to the several miles of travel upriver and the problems of congestion with commercial fishing vessels and limited ability to launch at low tides. The combination of commercial vessels and small boats used by dip netters and other sport fishermen has caused tremendous congestion, user conflicts and serious safety problems.

Rather than expand the existing facility, the city believes it makes more sense to develop another facility upstream that would be used the entire summer by upriver fishermen. The new ramp would draw additional tourists to Kenai, yet relieve pressure at the existing facility and at Cunningham Park.

Williams said the city doesn't have many options, limited by a lack of adequate ramp sites on the lower river. One possible alternative would be to expand Cunningham Park and install a ramp site there. But that could cost the city at least \$1 million. The proposed site carries a price tag of approximately \$380,000, including land acquisition.

Williams noted that the new site would not only include boat launching and vehicle parking, but restrooms and garbage facilities. The present lack of such facilities along the lower river is causing people to go ashore at any convenient place, leaving human waste and other garbage.

City Engineer La Shot said "this should be a consideration in weighing damage to wetlands associated with construction of the project versus damage to wetlands, other uplands, and the marine environment by people needing facilities."

La Shot said objections to the project "leads one to believe that the EPA would not support any development in the Kenai River flats, regardless of the need or actual benefits derived from such development."

# For some people Earth Day was payday



## Thoughts from the President

by William E. Schneider

The headline to my July column appeared in a recent Washington Post advertisement. Listed were the salaries of some of the nation's most exalted environmental leaders.

Topping the list was the National Wildlife Federation's Jay Hair, who hauls in an annual salary of \$200,000. Mr. Hair was not alone as several other environmental staffers pull in over \$100,000 annually.

The National Inholders Association and Multiple-Use Land Alliance placed the advertisement in the Post to make people aware of what a huge business the environmental movement has become. High salaries are only the tip of the iceberg.

Environmental groups rely on a cash flow that is, to a large extent, based on human emotion. Pulling on heart strings brings financial rewards for the environmental lobby. The sadder the picture, the bigger the crisis, the higher the anxiety, the greater dollar benefit for the Defenders of Wildlife, the Environmental Defense Fund, and the other groups which feed on environmental hysteria. Every new environmental scare brings in new contributions.

Make no mistake about it, these so-called environmental groups are very good at raising large sums of money. Professional environmentalism is now a quarter billion dollar a year business and most of that money is tax deductible and tax exempt. And by looking at the salaries these organizations pay their top guns, they do need to raise a lot of money. No anxiety, no cash. So well paid "enviro-evangelists" look to a new crisis, a new anxiety to keep themselves in the big bucks.

Most people do not make \$200,000 a year like Jay Hair. Most don't make a quarter of his salary. Yet most Alaskans want a clean environment - that's why most of us live here. But we also recognize that Alaskan salaries are either directly or indirectly tied to resource development.

Revenues generated from the development of just one resource itself, petroleum, finances the vast majority of state government, including general operations, payroll and services. Schools, public health care facilities, airports, highways, port facilities, fish and game programs and the state's environmental protection programs also receive much of their funding from the development and sale of the state's petroleum resources.

Since resource development accounts for nearly all of Alaska's economic base, most Alaskans support a balance. The quality of the environment must be maintained, but resource development must also be encouraged since its the economic lifeline, the foundation of the state's economy.

Alaska can develop its oil and gas, timber, minerals, fishery and tourism resources with minimal impact on the environment. But many environmental groups can't tolerate balance, if for no other reason than it doesn't raise dollars to pay their well-endowed salaries.

## RDC expresses dismay over EPA's Quartz Hill reversal

Miners remove loose ore after a blast in the Quartz Hill adit during removal of 5,000 tons of bulk sample in 1983. (Fjord Photo, Ketchikan)

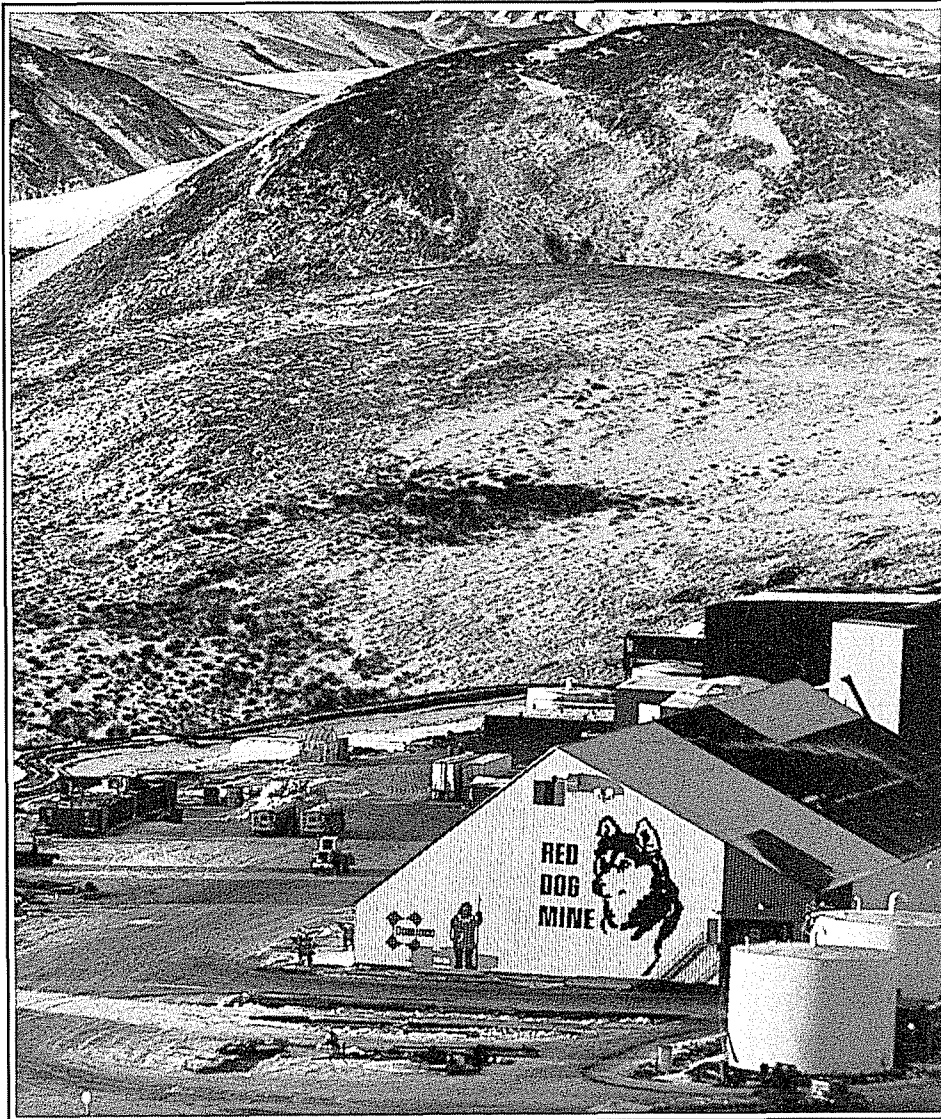


The Environmental Protection Agency's recent reversal of a crucial discharge permit for the Quartz Hill Molybdenum mine has drawn a sharp reply from the Resource Development Council.

The U.S. Forest Service selected Wilson Arm/Smeaton Bay as the preferred site for tailings disposal after full evaluation and review of the Final Environmental Impact Statement. The EPA and Forest Service agreed that the site did not propose a risk provided that "appropriate environmental monitoring is conducted." The notice published in the Federal Register in December, 1988, stated that EPA found the final EIS acceptable.

However, the EPA has unilaterally reversed its decision 18 months after its initial approval. RDC expressed great dismay over the recent EPA action, finding particularly disturbing the fact that this decision was not made based on new, revealing data. Rather, EPA has arbitrarily determined that the tailing disposal in Wilson Arm/Smeaton Bay would not comply with Alaska water quality standards and would have adverse impacts on the uses of the proposed site.

(Continued page 7)



The opening of Red Dog comes at a time when mining is getting renewed attention throughout Alaska. With the opening of Red Dog, Alaska will once again become a leading minerals producing state. (Cominco photo by Myron Wright)

## Red Dog is to zinc what Prudhoe Bay is to oil

(Continued from cover)

Dog is to zinc what Prudhoe Bay was to oil. It has put Alaska on the map, marking the state's entry into the world of large-scale, open-pit, hard-rock mining.

Red Dog reserves are estimated at 85 millions tons of ore made up of 17.1 percent zinc, 5 percent lead, and 2.4 ounces of silver per ton. Cominco expects to recover 560,000 tons of zinc and 120,000 tons of lead

over the 50-year life of the mine.

The \$450 million project may be the most profitable mine for Cominco because the Red Dog ore is so rich in zinc.

The movement of concentrates from the mine site to port facilities on the Chukchi Sea is accommodated by specially-designed 75 ton trucks which travel a 52-mile road, the cornerstone of the \$150 million DeLong Mountain Regional Transportation System. Giant piles of minerals are stored in a warehouse 12 stories high and 450 yards long until a three-month, ice-

free shipping season.

Financed by the Alaska Industrial Development and Export Authority (AIDEA), the transportation system includes the road from the mine site to the port site and all associated port facilities, such as the concentrate storage facilities, conveyors and fuel storage tanks. Cominco will pay the state \$12 million a year for use of the road and provide AIDEA a 6.5 percent return on its investment.

During the 100-day shipping season, concentrates will be barged from the shallow-water port to ships waiting several miles offshore. An estimated 15 ships ranging in size from 25,000 to 70,000 tons will call at the port each season.

The minerals will be shipped to smelting plants in Canada, Europe and Japan.

### The Cominco/ NANA Operating Agreement

Unique agreement may be international model for resource development

In 1982, Cominco and NANA reached an agreement leading to the development of the Red Dog mine. As provided by the agreement, Cominco leases the property from NANA, operates the mine and markets the minerals. NANA received \$1.5 million upon signing the agreement. Every year thereafter (until the mine went into production this year) NANA received an additional \$1 million. With production now underway, NANA will receive 4.5 percent of the net smelter return. Once Cominco recovers its capital investment, NANA will share in the net proceeds, beginning with 25 percent and increasing by 5 percent every five years until NANA and Cominco share equally in the profits. Another provision of the agreement requires that first preference on all Red Dog jobs be given to qualified Natives in the NANA region. By the 12th year of operation, it is intended that the mine be run 100 percent by Natives from the region.

## Cominco clears environmental hurdles

### Permits range from food services to airport operations

Any mining operation entails environmental permits and government approvals. Between the road, the port and the mine site, Red Dog has cleared nearly 80 of them, according to Cominco's Lisa Parker, Director of Government and Environmental Affairs.

Parker said the permits ranged from food service and airport operations to caribou monitoring and a fish biomonitoring program.

The environmental baseline studies and initial engineering concepts were completed in early 1983, followed by preparation of the environmental impact statement, which took nearly two years. Today, Cominco continues to perform baseline studies in the area and monitors air and water quality, precipitation and evaporation.

With some 23 miles of the Red Dog road passing through Cape Krusenstern National Monument, Congressional approval of a land exchange was sought. Despite some organized opposition, Congress approved the exchange and granted a 100-year easement through the national monument to NANA Regional Corporation.

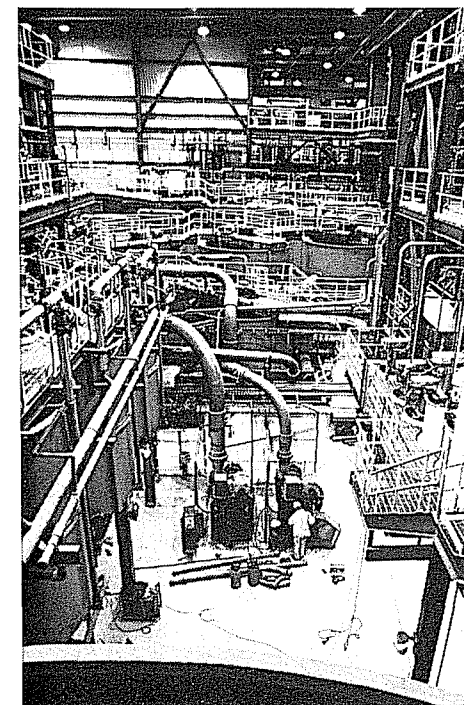
Parker recalls that road construction required some 26 permits from seven different state and federal agencies. She noted that special studies and stipulations related to the transportation system included the caribou monitoring pro-

gram, developed in cooperation with the National Park Service and the Alaska Department of Fish and Game. The caribou monitoring program was designed to ensure that road construction and truck traffic would not interfere with caribou migrations.

Construction and operation of the mine required another 36 permits from nine different state and federal agencies. One permit issued by the Environmental Protection Agency includes a biomonitoring program, which until Red Dog, had not been included in any National Pollutant Discharge Elimination System permit in Alaska.

Parker explained that the program monitors wastewater discharge through its effect on cold water fish species. The biomonitoring system at Red Dog includes a holding tank and test plant. Parker said the fish are checked daily against an observation checklist. She said the program functions as an early warning system, since it allows on-site biologists to monitor any changes in the wastewater treatment.

"From a permitting point of view, the port site was the least complicated of the three Red Dog facilities," Parker noted. The port site required 18 permits and approvals from eight state and federal agencies. Unlike the mine and road operations, no special or unusual features were required for any of the port site permits, Parker said.



The Red Dog complex features high-tech machinery which extracts the lead and zinc from the ore in a series of tanks which mix the powder with water and chemicals.

(Cominco photo by Jeff Schultz)



RDC board members John Rense, Vice President of Resources for NANA Development Corporation, and Phil R. Holdsworth, a natural resources consultant, visited the Red Dog facilities earlier this summer on a tour sponsored by the Alaska Miners Association.

(Photo by Kim Duke, RDC)