North Slope gas to Pacific Rim

Tukon Pacific in race to market

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Message from the executive director

by Becky L. Gay

Are miners an endangered species? A heated phone call from a financial consultant last week prompted this column. He had just visited a placer mining operation near Nome and had some strongly worded reservations.

"Not only are the state water standards driving these miners out of business," he exploded, "the NA”T preservationists are driving miners into extinction. Some of these people are third generation miners! They’ve been working in the area for decades. With the price of gold as it is, we should be seeing the mining industry really booming up here! It’s crazy... what is happening?

On the up side, when financial consultants get concerned about the mining industry, things must be getting ready to get better. RDC fosters cross-sector support since politically that is what resource development needs to regain strength and flourish.

Putting it in urban terms, placer mining in Alaska is suffering “gridlock.” According to those in the know, strangling to death would perhaps be more accurate.

Stringent state water quality standards which honor even the most natural silt, even with drinking water standards and two lawsuits are the basis of the present web of snarl on the placer industry.

It does not escape me that I have no right to dictate that Alaska’s drinking water standard should not be applied to all drainages. Recreational standards are usually sufficient to protect all but the most pristine watershed for human consumption. RDC is working diligently to bring some reality to bear on this issue, both administratively and legislatively.

Never underestimate the power of litigation for bringing an industry to its knees. Neither should we give the credit for waging the lawsuit revenge. It appears they have outdone themselves with regard to placer miners.

For sheer effectiveness, time and cash-flow impact, the preservationists have demonstrated blanket injunctions have the most powerful repercussions. Two such injunctions are pending against placer miners. Non-lawyers might think of the lawsuits as “(not) mining in the pastis” and “(not) mining on BLM lands.”

The actual lawsuits are against the National Park Service and the Bureau of Land Management, not the miners. Apparently, not enough agency studies have been done. The courts have determined cumulative impact statements must be undertaken internally. This is a lengthy and costly study procedure. Meanwhile, the miners are all but shut down, the BLM is not budging.

Basically, the miners are being judged guilty until proven innocent. Regardless of how startling a mining operation is, unless a miner can prove the operation has no cumulative impact on the area, mining is not allowed until the agencies complete their studies. These lawsuits can effectively keep miners out of the field for this decade. Why stop the miners while the studies are undertaken?

Although miners are sometimes their own worst enemies in public relations, no self-employed Alaskan deserves the animosity and hatred of miners when miners criticize miners. Citizens, after all, are citizens with a long history in Alaska. Mining definitely has its place in Alaska’s diversification efforts. For many, mining is not just an industry, it is a way of life. A good life. Mining is a seasonal, often family-owned business which allows people the opportunity to work in rural Alaska, not on welfare or unemployment, but contributing to their families’ well-being while increasing the wealth of the state from one of our most valuable minerals — gold.

And as one miner put it, “If mining supposedly wrecks everything, how come those groups are so anxious to close us down and turn our operations into a state park or scenic river area?” Miner effectiveness, time delay and cash-flow impact are what these groups yearning so rabidly for our lands and drainages since we’ve been mining and fishing here since the early 1900s. Mining, heart. If you are a miner, take up. For an optimist, that could be the motto of Alaska’s placer miners.

The Greens Creek Mine is located at the northwestern end of Admiralty Island, 18 miles southwest of Juneau. Underground mining at a rate of 1,000 tons of ore a day will feed a concentrator plant adjacent to the mine portal at the 920 foot elevation level. The plant is expected to produce 85,000 tons of concentrates annually containing an average of 36,600 ounces of silver, 25,000 tons of zinc and 9,000 tons of lead. Concentrates will be trucked 8.5 miles to a loading terminal for ocean shipment to smelters.

John P. Bingharr, Jr. is the Vice President and General Manager of Greens Creek Mine Mining Company. A project team has been appointed to manage the engineering, construction and operation of the new facility.

Western Alaska Mine Tour

Fifty government and business leaders recently visited a number of Northwest Alaska mines on a tour sponsored by the Alaska Miners Association. The officials visited Red Dog, Kotzebue and Nome with flyovers of Little Diomede Island and Tin City. In the photo at top left, officials look over the Red Dog mine site while RDC Minerals Division director Paul Glavonovich, bottom left, checks out some samples at the Cominco-NANA development east of Kotzebue. At right, Cominco’s Jerry Booth speaks through the huge offshore REMA dredge near Nome, operated by inspiration Gold.

Photos by Becky Gay

Propaganda predicts environmental doomsday

The onslaught of the state’s resource industries is due in large part to the propaganda of an environmental doomsday. Unfortunately, the propaganda, which is chock full of emotional rhetoric, is plain empty of reality.

For example, the Sierra Club recently published a letter in the Wall Street Journal claiming, among many other sins, that mines “make microconstituent of streams” and on average each mine “dumps about five tons of dirt into the state’s streams each hour.” It is said that Sierra Club’s rhetorical skills cannot be turned to better use, such as presenting an accurate picture of the industry. In fact, current reclamation requirements for miners on federal lands, which are enforced by inspections at least once a year, ensure that miners restore mined areas according to federal regulations. If they do not, they are put out of business.

As for the “five tons of dirt” per hour, fact figure is plain wrong. It is based on a study that is badly distorted by data collected over ten years, long before most miners put in settling ponds. Today, virtually every miner has silt encumbrances, as required by law and the zealous regulation of the Environmental Protection Agency.

What is the harm of such rhetoric? If, when confined to letters in the Wall Street Journal it would be bad enough. But the same sort of disinformation has found its way into the courts. In legal briefs submitted to the federal courts the same “five tons” of dirt statement showed up to support the call to shut down mining on federal lands. These same legal briefs also contain colorful charges that mining turns “pristine streamsbeds into monstrosity of sewage” or “creates waste” for mining wastes. They continue that mining will mean that native village life “as it has been conducted for centuries will stop” or “waste streams” or “unhealthy without a doubt.”

With rhetoric like this it is little wonder that the courts have been willing to rule against the miners, and that the public is willing to go along with the courts. It is only through a long and expensive campaign that miners have been able to present enough accurate information to the courts to keep mining alive on federal lands this year.

The campaign of disinformation is hardly confined to mining, however. One need look only to the stenographer made up of oil leasing on the coastal plain to see the same forces at work. In the letterball of the oil industry the forces that claim are referred to as the “Save the Serengeti of the north.” Nonsense. It is about as similar to the African plains as it is to New York City.

In one environmental magazine a moving poem describes the effects of the oil pipeline on caribou as “antlered multitudes” turning into “miles of brown pastry” and “antlered multitudes” turning into “miles of brown pastry” with “the antlers and few brought to a halt.” Not only is this bad poetry, but it is bad fact. As anyone in the oil industry know, the caribou herd near the pipeline has tripled in size since the 1970s.

And then there is the Tongass National Forest in Southeast Alaska, where the battle city has become “save the last great rainforest!” Instead the battle city should be “save the last footer from the lawsuits.” In legal action after legal action, the Forest Service has been tied into knots by opponents of logging in the national forests. The opponents pretend the forest is small, and will be destroyed in only a few short years by timber operations. They ignore the fact that the forest is well able to sustain a regulated system of logging and reforestation.

There is a moral to this story: when it comes to a discussion of environmental issues, the more eloquent and bombastic the better.


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Land use policies ...
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tainment of the absolute maximum amount of land in true multiple-use classifications.

Most of Alaska's future development will take place on this land. Much of that development will be affected by the crown jewels of ANILCA, Alaska's huge parks and refuges. That is why RDC believes multiple-use policy is of utmost importance when it comes to the long-term vitality of Alaska.

One could take the combined states of Maine, New Hampshire, Vermont, Massa-

sachusetts, Rhode Island, Connecticut, New York, New Jersey, and Delaware as an Ohio, Delaware, Maryland and Virginia and still not equal the amount of land that has been set aside as designated Wilderness, national parks and wildlife refuges in Alaska.

The 220 million acres of federal lands within the state alone would comprise the second largest state in the union and is larger than the combination of California, Nevada and Arizona. Alaska's 193 million acres of designated Wilderness were made into one state it would comprise the 6th largest state in the U.S. The 74.5 million acres of national wildlife refuges in Alaska would comprise the 56th largest state in the U.S.

This huge block of highly restrictive, set-aside land in Alaska directly affects investment in resource industries. Land where resource development is most likely to occur has been left as islands in a sea of parks and refuges with the only access points coming through national parks the size of Vermont or wildlife refuges that are near the size of Minotota.

"If our window of opportunity is to remain open for the welfare of generations ahead, we must demand reasonable, forward-looking land use policies," Tindall said. "You cannot justify by any almost as Interior Secretary of Alaska that its right to reach remote resource areas, adequate transportation corridors is upheld and respected."

We are asking the NPLAC for its support of Secretary Hodel's recommendation to open the Coastal Plain of the Arctic Na-
tional Wildlife Refuge to oil and gas leasing. RUC urged its support of the Yukon-Charley Rivers area to be set aside as a federal wilderness area.

Alaska's new Air Ambulance

Humanas new Air Ambulance

Immediate, direct access to physician specialists can mean the difference between life and death when accidents occur in remote areas of Alaska. Providing direct access and access to a fleet of aircraft for medical evacuations is the heart of Humanas Hospital Alaska's new Air Ambulance program.

The Air Ambulance service is available to logging, fishing, construction, mining and all other industries operating throughout Alaska, according to George Schneider, the new executive director of Humanas Hospital. All calls to 258-EVAC are answered directly in the hospital's emergency room 24 hours each day so that people on the site with the injured worker can talk directly with physicians at the hospital.

The hospital has an entire fleet of aircraft at its disposal by Security Aviation. Secu-
rity has the only twin-aneing jet medivac aircraft operating in the state. The Citation I, with the capability of reaching cruising speeds of more than 400 mph and a range of 1,800 miles, can land on gravel runways as short as 3,000 feet.

Certified medics nurse Becky Lundquist, CEO, THN, was recently named coordinator for the Air Ambulance program. Dr. Peter Hackett, a world-re-

nowned expert in high altitude and wilderness medicine, serves as medical director.

Land use policy is formidable roadblock

Alaska faces some formidable roadblocks in its drive to diversify the eco-
nomy, the National Public Lands Advisory Council (NPLAC) was told when it met in Anchorage. The council is a 24-member group appointed by the state, in which one is land use policy," said Richard Tindall, RUC's Renewable Re-

sources Advisory Committee to the federal board, which advises Secretary Donald Hodel of the council.

Approximately 80 percent of Alaska's land is owned by the federal govern-
ment with the state holding about 28 per-
cent. Native lands comprise 12 percent of the state and state lands 1 percent is in other private ownership.

"You can see why land use decisions and policy control are so important. If develop-
ment can proceed in Alaska — onshore and offshore — the NPLAC can be useful, said the RUC director cited the cumulative effect of laws, regulations and stipulations that have multiplied at an astronomical rate during the last fifteen years as the second biggest roadblock to development.

Tindall said the NPLAC is a "once significant, regulation, one more hoop to jump through, to see the resource set-aside of land, but tomorrow it means, collectively, enough laws, regulations, stipulations and mitigations, " to almost three times as much. Where else look better than Alaska as a block. We cannot afford to be closed," said Tindall. Alaska's burgeoning support sector is dire-

ctly dependent on the competitiveness of its resource industries. If Alaskans can-
not harvest our forests, mine coal, gravel and minerals, we cannot afford to pro-
duce oil, people don't have jobs or money.

Tindall told the NPLAC that it could help Alaskas economy open up to world mar-
ketsthat make a meaningful contribution to the American economy by working for the re-

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TAGS proposal moves forward

Valdez where 14 million metric tons a year of natural gas would be liquefied and shipped by tanker to Japan and other Asian countries.

In a presentation before a Resource Development Council breakfast forum earlier this month, Howard Griffith, President and Chief Executive Officer of Yukon Pacific, said before any pipeline is built, environmental permits and safety features and engineering plans will need presidential approval. However, timing is crucial if the Alaskan company hopes to capture a share of the Japanese liquefied natural gas (LNG) market.

Existing Japanese LNG facilities in Indoneisia will expire in the mid-1990s and Japan is already looking for new sources of gas from several countries, including the Soviet Union and Australia. The nations will need any new gas pipeline to arrive before this brief window of opportunity, Griffith said permit approvals and market decisions must come during the next two years.

Japan currently buys LNG from Indonesia, Brunei, Malaysia and Abu Dhabi, but will need another 9 million tons annually by the year 2000. Pacific Rim countries will require another 6.5 million tons per year by the year 2005, Griffith said.

Griffith is confident his company can capture up to 14 million metric tons of the projected Pacific Rim market. He is not alone.

"We are in a race to market this natural gas because the permits that have been approved in these countries, we know that there is going to be a window, that there is going to be a market," said Griffith. "It's a matter of whether Alaska gets the market share that we feel from Indonesia, Brunei, Australia or perhaps even Russia."

"The economics on our projects show that it is feasible if we can get a market of 7 million tons to start out with and then grow to the 14 million tons within five years," Griffith said. "If we don't meet our window in 1995, it will be approximately five years before there will be a market for us to get into it."

"We think that our assumptions are realistic and the requirements can be met," said Griffith.

In an effort to meet the 1995 opportunity, Yukon Pacific has launched phase I of the project to secure the necessary rights-of-way by mid-1988 and letters of intent for gas purchase and sale agreements. In addition, the corporation is seeking a presidential finding, required under the Alaska Natural Gas Transportation Act, that the export of North Slope gas is in the national interest.

In a move that cleared a major regulatory hurdle for the project, Governor Steve Cowper recently signed a bill that gives the commissioner of natural resources authority to grant a conditional right-of-way permit across state land. Under the original law, a company could not get a permit until it had financial backing.

In another positive development this spring, the Federal Energy Regulatory Commission ruled it has limited jurisdiction over the proposed gas line system and now over natural gas sales -- a ruling Yukon Pacific officials believe will speed development.

While Yukon Pacific has applied for right-of-way permits, the U.S. Bureau of Land Management is well along with work on the Environmental Impact Statement. After phase I is successfully completed, Yukon Pacific plans to move into phase II of the project next summer, focusing on detailed engineering, additional permitting and staring of rights-of-way. Under phase II, actual construction would start in 1991.

The Valdez liquefaction plant and marine terminal would take four years to build while construction of the pipeline and its ten compressor stations would take three years. The company schedule would allow for delivery of the product in 1995 or 1996 with up to 275 annual tanker departures per year.

The 36-inch pipeline from the North Slope to Valdez would be buried, except where it would cross major rivers and earthquake faults. The pipeline and liquefaction plant construction would cost $5.5 billion. Another $2.37 billion would be needed for the tankers to transport the gas across the Pacific.

"We have a very critical year ahead of us," said Griffith. "We'll be up from hundreds of thousands of dollars to millions of dollars by week's end. We're gearing up with a much larger staff."

Once in operation, the gas line would also work to help solve the state's overage. Over 10,000 construction jobs would be created by the project. The gas line could spur other development in Alaska, especially the refining of petroleum products.

U.S. Borax gets strong support for Quartz Hill

Over 250 comments were submitted to the U.S. Forest Service recently in regard to draft environmental impact statements for the proposed U.S. Borax molybdenum mine at Quartz Hill near Ketchikan. The Resource Development Council and the state administration's Support Alternative for tailings disposal in Wilson Arm, a key element in the economic viability of the project.

A review of the comments shows only six individuals opposed to the project. The remaining comments were directed at the best disposal site for mine tailings. Although the Forest Service and U.S. Borax prefer disposal in Wilson Arm, the Environmental Protection Agency favors Boca de Quadra strictly on an environmental basis because the area is larger and has slightly smaller fish runs.

The major environmental groups cited no opposition to the project, to take place in the foggy area of Boca de Quadra. Fishermen's groups also backed the EPA alternative.

However, the majority of the comments supported tailings disposal in Wilson Arm. Those comments were recognized as packing more technical weight and public support.

Support for the Wilson Arm alternative came not only from the state administration and RDC, but from engineers, doctors, accountants, geologists, biologists, local governments, state and federal legislators, native corporations, other mine operators, chambers of commerce, a list of universities and the oil and timber industries.

Universities supporting the Forest Service alternative included the University of Alaska, University of Idaho, Montana College of Mining Science and the New Mexico Institute of Mining.

The Resource Development Council based its indepth, lengthy comments on technical reports. The Council formed a special study team to review and comment on the RDEIS. The team consisted of members representing biologists, hydrologists, engineers and recreational professionals.

The revised draft, consisting of three volumes totalling over 1,200 pages, has 250 draft environmental impact statements for the tailings disposal. Most of the comments came from engineers, doctors, accountants, geologists, biologists, national governments, state and federal legislators, native corporations, other mine operators, chambers of commerce, a list of universities, and the oil and timber industries.

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In its comments, the Council pointed out that the revised draft environmental impact statements for the tailings disposal quantify as a problem and trying to minimize any and all impacts of the eventual site, surrounding areas, and the habitat values of the very deep, benthic habitats present in both Boca de Quadra and Wilson Arm, and providing the data for site selection. The impacts on wilderness values would be minimized because the area is larger and has slightly smaller fish runs.

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