

STATE OF ALASKA

OFFICE OF THE GOVERNOR

DIVISION OF GOVERNMENTAL COORDINATION

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STEVE COWPER, GOVERNOR

STATE CSU COORDINATOR
2600 DENALI STREET, SUITE 700
ANCHORAGE, ALASKA 99503-2798
PHONE: (907) 274-3528

June 29, 1990

Mr. Boyd Evison
Regional Director
National Park Service
2525 Gambell Street
Anchorage, Alaska 99503-2892

Dear Mr. Evison:

The State of Alaska has reviewed the final Environmental Impact Statements (EIS) for mining in the Denali, Yukon-Charley Rivers, and Wrangell-St. Elias National Park and Preserve units. The State is disappointed to find few modifications made in response to its July 18, 1989, comments on the draft EISs. State agencies devoted considerable effort toward reviewing the draft and offering, what we believed to be, constructive ideas during the scoping phase of the EIS process. Examples of problems in the evaluation methodology include:

- ° The NPS scenarios of future mining assumes that the maximum level of mining would occur, instead of a more realistic assumption based on review of mining actually occurring in comparable non-park areas. This means impacts may be over estimated.
- ° The established resource protection goals appear arbitrary. Calculations are based on subjective methods and unsupported assumptions. Accepted methodologies that exist for measuring many resource values were not utilized.
- ° The analysis is based only on those impacts that relate to the resources within the narrowly selected study areas, rather than surrounding areas or the entire park unit.
- ° The EISs do not consider the possible spillover effects of displacing all mining activities from NPS lands, including the possibility of increased mining activity on non-NPS lands.

In the event that our July 1989 comments did not fully convey these points, the attached comments from the Alaska Department of

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Fish and Game regarding the draft EISs may provide additional insight.


In addition, the attached correspondence prepared by the Alaska Department of Commerce and Economic Development provides additional critical comments in response to the final EISs.

As a final note, the EISs indicate that if funds for acquisition are not forthcoming from Congress, the NPS will allow mining operation on pre-existing claims if a "mining plan of operations" is approved. At such time as the NPS undertakes review of any mining plans of operation, in addition to the required Federal Register notice, State agencies request additional opportunities for consultation in the early stages of mining plan development. Appropriate agency contacts are listed in the final attachment.

State agencies urge your consideration of these and previous comments prior to implementing these documents.

Sincerely,

Robert L. Grogan
Director


By: Sally Gibert
State CSU Coordinator

cc: Commissioner Don W. Collinsworth
Department of Fish and Game

Commissioner Dennis D. Kelso
Department of Environmental Conservation

Commissioner Lennie Gorsuch
Department of Natural Resources

Commissioner Mark S. Hickey
Department of Transportation & Public Facilities

Commissioner Larry Mercurieff
Department of Commerce and Economic Development

Dick Swainbank
DCED, Division of Business Development

MEMORANDUM**State of Alaska**

TO: Sally Gibert
 Conservation System Unit
 Division of Governmental Coordination

Date: June 19, 1990

THRU: Diane Mayer *DM*
 Program Manager
 Minerals & Forest Products

FROM: Dick Swainbank *DS*
 Minerals Development Specialist
 Div. of Business Development

Subject: FEIS - NPS
 Denali,
 Wrangell-St. Elias,
 Yukon-Charley

The Dept. of Commerce has been closely tracking the EIS process for the Denali, Wrangell-St. Elias, and the Yukon-Charley National Parks. Many miners, acting in good faith and as authorized under the 1872 Mining Law, have established claims and have attempted to develop the mineral resources in conformance with Article 1 of Section 8 of the State constitution.

Under the final preferred alternative, the Park Service will acquire all of these mining claims. We are concerned that their FEIS analysis does not incorporate comments on the DEIS which address numerous deficiencies in their analysis. We continue to believe that the methodology minimizes the habitat available for consideration while at the same time overemphasizes the amount of land temporarily disturbed by mining. Further the Resource Protection Goal to disturb less than one percent of the habitat for a variety of species is unrealistic in this mineralized area. These evaluation and decision criteria preclude serious consideration of any other alternative.

All of the mining claims are federal, so the state could not receive a royalty from their development. Lost tax revenues, however, do represent a considerable opportunity cost. For example, the veins of the Kantishna district may, as in the Fairbanks district, be underlain by large low-grade deposits of gold. One deposit only a few hundred

feet in diameter near Fairbanks has been estimated to contain 4 million ounces of gold, or about \$1.5 billion dollars of gross value.

A recent Whitney & Whitney tax study, commissioned by 19 mineral producing states, indicates that a mine producing about 250,000 ounces of gold annually in Alaska would pay about \$4.3 million in Mining License Tax, and \$23.2 million in corporate income taxes to the State over the life of the mine. This figure is roughly three times the Parks Service estimate of the gross value of all the claims in Denali Park.

Though this federal decision forecloses on these opportunities for the State prior to any detailed assessment of the mineral potential, the Park Service will, according to the FEIS, take some action to actually acquire the mining claims.

The method for acquisition of the properties and the process to determine the compensation due to the miners for these claims warrants considerable attention in the State's response to the Park Service. It is particularly important that we comment on behalf of the miners since there are currently no funds dedicated within the Park Service for mine acquisition, and the Park Service's record for objectively administering any buy-out program is not favorable.

The Park Service had acquired claims in the highly mineralized Mt. Eielson deposit by simply declaring the claims invalid, and thereby forcing the miner to refute the decision in the appeals court. Another method of acquisition would be the use of "eminent domain", though it is uncertain whether this doctrine could be applied in such a situation. A third method for the NPS to acquire the claims would be through negotiated "willing-seller/willing buyer" method. The term "willing-seller" certainly takes on a strange connotation with a potential threat for eminent domain, bankruptcy, or court orders.

It is crucial that any process to determine fair compensation to the miners for their claims must be established by a qualified, disinterested party. Clearly the Park Service has significant interests at stake and should draw on the expertise of third parties from the U.S. Bureau of Mines, State Geological and Geophysical Surveys or some other qualified party. Absent such arbitration, there is a built-in conflict for the Park Service to independently administer the buy out program.

In this regard, it is important to note that the Park Service suggested a gross value of the mining claims in Denali at \$8.5-\$10.5 million. A 1984 "Cost of Acquisition Study" by the Bureau of Mines suggested the value of the same claims at \$185-\$217 million. Many comments to the Draft EIS pointed out the lack of reference to the "Cost of Acquisition" study. The FEIS still carries no reference to this important document.

Implementation of process to acquire the mining properties must be closely monitored as discussed above. The timeliness of action by the Park Service is equally critical. With no funds currently dedicated to the project, the miners are left with continued uncertainty about their property and investment. Their annual payments to assure property rights and possibly the assessment work to maintain the validity of the claims must not be required continue without an adopted strategy for final resolution of their longstanding investments.

MEMORANDUM

Attachment B
State of Alaska

DEPARTMENT OF FISH AND GAME
OFFICE OF MANAGEMENT & ADMINISTRATION


TO: Michelle Sydeman
Division of Governmental
Coordination
Office of the Governor

DATE: July 18, 1989

FILE NO.:

TELEPHONE NO.: 465-4105

SUBJECT: NPS Draft EISs -
Cumulative Impacts
of Mining

FROM: 
Frank Eide
Director
Habitat Division
Department of Fish and Game

JUL 23 1989
GOVERNMENTAL
COORDINATION

The Alaska Department of Fish and Game (ADF&G) appreciates the opportunity to comment on the National Park Service's (NPS) draft EISs for the cumulative impacts of mining for the Yukon-Charley, Denali, and Wrangell-St. Elias CSUs. Staff review of the documents generated several comments related more to the method of analysis used in the documents rather than to specific corrections.

Approach and Methodology

Central to the EISs is the concept of using quantitative methods to assess the cumulative impacts of mining within the NPS units. While the goal of using measurable changes to evaluate impacts is laudable, we are concerned that such analyses rest upon a solid foundation of assumptions, in order that the entire process have meaning. In some respects, we believe the methods used are inadequate.

A crucial component in the impact analysis in the draft EISs is the identification of resource protection goals for "target resources." These goals are supposed to numerically represent standards set by the regulatory framework for these land units, and make it possible to use quantitative values to estimate the effects of proposed mining activities. The thresholds contained in the goals would be used in determining the type and degree of regulation to be imposed upon the proposed activity.

Reviewers questioned why the establishment of resource protection goals occurred for only a small subset of the listed target resources. Except for a vague statement that goals would not be established for target resources for which inadequate information exists, no explanation is given, although some of the target resources not included are probably as easily and reliably measurable as the ones chosen. Despite the range of target resources listed in the documents, goals were given solely for fish and wildlife-related resources. This leaves other target resource values such as wilderness, visual quality, etc. to be considered in a much more subjective (and less visible) way in any analysis of impacts. Fish and wildlife values

are likely, therefore, to assume an inordinately prominent role in NPS's regulatory decisions. Since the establishment of resource protection goal numbers seems to be arbitrary (see below), it is unclear why goals cannot be given for target resources other than habitat-related ones. Certainly methodologies exist for measuring many of these resource values, and some may be easier to evaluate than the ones chosen.

In addition, there is no justification given for individual goal numbers, beyond a statement that the "percentages reflect resource requirements and NPS mandates and authorities" It is not clear why a particular percentage was chosen for a target resource (e.g., 90% as a short-term goal for arctic grayling habitat) or why different numbers were chosen for different goals (e.g., 99% for the long-term goal for riparian habitat as opposed to 90% for a short term goal). If "Adequate data do not exist . . . to computationally derive or extrapolate resource protection goals," as is stated in the documents, then the use of numerical goals as the basis for quantitative evaluations is potentially misleading, and may be invalid. At the very least, the reader deserves a narrative explaining why particular percentages of premining conditions were chosen for each target resource having a goal assigned. As the documents presently read, the percentages appear to have been spontaneously generated, which jeopardizes the value of any subsequent calculations to determine cumulative impacts.

Aside from the issue of how resource protection goals were derived, the methods used to assess impacts in the EISS warrant discussion. Each of the EISSs identifies a maximum mining scenario that could reasonably occur in each unit over the next 10 years and then depicts the worst-case cumulative impact. Mining areas, or clusters of areas, are identified as study areas for the evaluation of impacts. A predetermined percentage of resources impacted within each study area (the resource protection goal) is identified as the threshold which would trigger NPS decisions on management actions or acquisition of claims. A major problem with the analysis is that the impacts are related only to the amount of resources contained within the study areas, and not to the total available resources within the park which are not subject to mining. For example, a 10% "loss" in a study area may represent a less than 1% loss in the entire watershed, but because the analysis of the effects is confined to the study area, the 99% long-term goal for riparian habitat is exceeded, and NPS management decisions would presumably follow. In another example, grizzlies have a home range of many square miles, yet the NPS contends in the Wrangell-St. Elias document that a loss

July 18, 1989

Cantwell currently engage in furbearer trapping." Our data do not specify the proportion of Cantwell households which trap in the Denali addition.

Page 106, second paragraph. The reference "NPS 1988a" does not appear in the bibliography. The fourth paragraph concludes that additional mining in the Kantishna Hills study area would result in little new competition for subsistence resources. This would not necessarily be true if local rural residents constituted the work force.

Page 286, second sentence. We assume the proposed action is alternative b and not c.

WRANGELL-ST. ELIAS

Page 49, fourth paragraph. Since we have not had the opportunity to review the "NPS 1986f" and "NPS 1987a" references cited in this section, we are unprepared to comment on the statements attributed to these sources.

Page 50, third paragraph. Sockeye salmon should appear in the list of species harvested for subsistence purposes.

Page 433, Access. We believe the number of people using particular study areas for subsistence purposes may be underestimated, especially for the Bonanza/Green Butte (Kennicott) Study Area. Although data analysis from the 1988 survey done in cooperation with the NPS and the U.S. Air Force is not yet completed, we do know that the McCarthy Road is used by residents of Chitina, Lower Tonsina, and Kenny Lake.

The reference "National Park Service 1988d" cited throughout this section does not appear in the bibliography, so we cannot evaluate how it was used in preparing this section.

YUKON-CHARLEY RIVERS

Page 98, final paragraph, and page 295, sixth paragraph. The reference "NPS 1986" does not appear in the bibliography. There is a "NPS 1986a" which may be the source of this discussion, but we have neither seen nor reviewed this document so cannot evaluate its content.

This concludes our review. If you have any questions or need further information, please contact this office.

cc: Al Carson
Al Ott
Terry Haynes
Tina Cuning
Bob Tobey
Margo Matthews

State Agencies Contacts for Purposes
of Early Consultation on
NPS Mining Plans of Operations

Department of Environmental Conservation

Northern Units: Pete McGee
Regional Supervisor
Northern Regional Office
1001 Noble Street, Suite 350
Fairbanks, AK 99701

Southern Units: Bill Lamoreaux
Regional Supervisor
Southcentral Regional Office
3601 'C' Street, Suite 1334
Anchorage, AK 99503

Department of Fish and Game

Northern Units: Al Ott
Regional Supervisor
Habitat Division
1300 College Road
Fairbanks, AK 99701

Southern Units: Lance Trasky
Regional Supervisor
Habitat Division
333 Raspberry Road
Anchorage, AK 99518-1599

For information regarding contacts in other State agencies,
please contact Sally Gibert, Division of Governmental
Coordination, 561-6133.

DISTRIBUTION LIST

June 29, 1990

- [1372] Mr. Al Carson, Department of Fish and Game, Anchorage
- [248] The Honorable Don Collinsworth, Department of Fish and Game, Juneau
- [942] Ms. Tina Cuning, Department of Fish and Game, Nome
- [372] The Honorable Lennie Gorsuch, Department of Natural Resources, Juneau
- [1325] Mr. Charlie Green, Department of Commerce and Economic Development, Fairbanks
- [1419] Mr. Terry Haynes, Department of Fish and Game, Fairbanks
- [1268] The Honorable Mark Hickey, Dept. of Transportation & Public Facilities, Juneau
- [1288] The Honorable Dennis Kelso, Department of Environmental Conservation, Juneau
- [1250] Mr. Stan Leaphart, Citizens Advisory Commission on Federal Areas, Fairbanks
- [1258] Mr. Craig Lindh, Division of Governmental Coordination, Juneau
- [1568] Ms. Jenny Olendorff, Dept. of Transportation & Public Facilities, Anchorage
- [1277] Mr. Norman Piispanen, Department of Transportation and Public Facilities,
Fairbanks
- [1239] Mr. Rob Walkinshaw, Department of Natural Resources, Anchorage
- [1240] Mr. Dan Wilkerson, Department of Environmental Conservation, Anchorage

Mr. David Mercurieff, Dept. of Commerce & Economic Development
Mr. Dick Swainback, Dept. of Commerce and Economic Development