

State of Alaska FY2003 Governor's Operating Budget

Department of Natural Resources Development - Special Projects Component Budget Summary

Component: Development - Special Projects

Contact: Stanley Foo, Chief, Mining Section

Tel: (907) 269-8621 **Fax:** (907) 269-8904 **E-mail:** stanf@dnr.state.ak.us

Component Mission

Manage the permit process so that complex, multi-agency projects are reviewed in a manner that is efficient for the applicant and the public, and that decisions protect public resources and involve the public in decisions that affect them.

Component Services Provided

This project uses funds provided by an applicant to coordinate the permitting of a large and complex project. Most of the projects permitted under this arrangement are large mines. Under state law DNR is the coordinating agency for large mine projects. Projects that are being coordinated under this program include the Pogo Mine Project near Delta, the Fort Knox and True North Projects near Fairbanks, the Red Dog Project near Kotzebue and an environmental review of the Greens Creek Mine near Juneau.

Component Goals and Strategies

The goal of the Development Special Projects Component is to facilitate special project reviews through an interagency project team process. Project teams are established at the request of the applicant and funded through a reimbursement agreement between the Department of Natural Resources and the requesting party.

Objective: To provide specific project review services for development projects.

This project allows the Department of Natural Resources to receive funds through reimbursement agreements and to distribute those funds to the various participating project review agencies by individual reimbursable services agreements consistent with an agreed upon work plan and schedule for each project undertaken. This process allows the project team to focus on the individual project and work with the company and others to evaluate the proposal and determine what, if any, alternatives should be considered. It is an interactive interagency process to evaluate project feasibility.

Currently, all of the projects coordinated using this process are large mines. In the past, other projects have been undertaken as well. Project involvement anticipated for FY 03:

- Pogo Mine Project - Continue activities necessary for authorization and development including participation in preparation of EIS and public process for state authorizations.
- Green's Creek Project - Technical review and processing for authorizations or amendments, and follow-up work on Phase I and Phase II activities. Technical environmental review findings. Implement and participate in the preparation of an EIS for a new tailing disposal site.
- True North Project - Continue regulation of mining and exploration and address authorization of any expansion plans. Monitor development, should expansion project be authorized.
- Ft. Knox - Ongoing monitoring of blending ores from Ft. Knox and True North. Provide interagency coordination, finalize reclamation bond renewal and monitor concurrent reclamation. Review as necessary.
- Red Dog - Monitor ongoing mining activities and address project development, bond estimation and reclamation plan review. Continue interagency review process at company's request.

Note: Project lead agency requests are initiated by applicants, so it is difficult to anticipate who will initiate requests, when such requests will be received, or what projects may become high priorities, as this is controlled by industry. Mineral exploration activities continue by a number of major and junior companies. We anticipate overall activity will remain constant during FY03 with expansions at existing mines and the possibility of new projects entering the development phase. Companies will seek development authorizations if the metal prices reach points where such projects are economically feasible. Other projects, in addition to mining projects, may be included in this component.

Key Component Issues for FY2002 – 2003

Not applicable.

Major Component Accomplishments in 2001

1. State interagency efforts on the Pogo Mine Project DEIS and access right-of-way progressed and initiated efforts to secure the required state authorizations.
2. Coordinated efforts to finalize the permitting of the True North deposit and addressed various regulatory issues affecting this operation and at the Ft. Knox gold mine.
3. At the invitation of the US Forest Service and Green's Creek Silver Mine, the Division participated in federal-state environmental reviews of operation at the site near Juneau as well as renewal of the reclamation plan and reclamation bond.
4. Coordinated interagency efforts at the Red Dog Zinc Mine to address the need for a solid waste permit, reclamation plan renewal and estimating an appropriate reclamation bond.

Statutory and Regulatory Authority

AS 38/ 11 AAC/ AS 27

**Development - Special Projects
Component Financial Summary**

All dollars in thousands

| Non-Formula Program: | FY2001 Actuals | FY2002 Authorized | FY2003 Governor |
|--|-----------------------|--------------------------|------------------------|
| Component Expenditures: | | | |
| 71000 Personal Services | 0.0 | 0.0 | 0.0 |
| 72000 Travel | 0.6 | 0.0 | 0.0 |
| 73000 Contractual | 529.9 | 500.0 | 500.0 |
| 74000 Supplies | 0.0 | 0.0 | 0.0 |
| 75000 Equipment | 0.0 | 0.0 | 0.0 |
| 76000 Land/Buildings | 0.0 | 0.0 | 0.0 |
| 77000 Grants, Claims | 0.0 | 0.0 | 0.0 |
| 78000 Miscellaneous | 0.0 | 0.0 | 0.0 |
| Expenditure Totals | 530.5 | 500.0 | 500.0 |
| Funding Sources: | | | |
| 1108 Statutory Designated Program Receipts | 530.5 | 500.0 | 500.0 |
| Funding Totals | 530.5 | 500.0 | 500.0 |

Estimated Revenue Collections

| Description | Master Revenue Account | FY2001 Actuals | FY2002 Authorized | FY2002 Cash Estimate | FY2003 Governor | FY2004 Forecast |
|---------------------------------------|-------------------------------|-----------------------|--------------------------|-----------------------------|------------------------|------------------------|
| Unrestricted Revenues | | | | | | |
| None. | | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Unrestricted Total | | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Restricted Revenues | | | | | | |
| Statutory Designated Program Receipts | 51063 | 530.5 | 500.0 | 500.0 | 500.0 | 500.0 |
| Restricted Total | | 530.5 | 500.0 | 500.0 | 500.0 | 500.0 |
| Total Estimated Revenues | | 530.5 | 500.0 | 500.0 | 500.0 | 500.0 |

Development - Special Projects

Proposed Changes in Levels of Service for FY2003

There are no changes from the FY02 request for the statutory designated program receipt funded projects, although actual projects may vary depending upon requests received by the department and agreements negotiated with applicants.

Summary of Component Budget Changes

From FY2002 Authorized to FY2003 Governor

All dollars in thousands

| | <u>General Funds</u> | <u>Federal Funds</u> | <u>Other Funds</u> | <u>Total Funds</u> |
|--------------------------|----------------------|----------------------|--------------------|--------------------|
| FY2002 Authorized | 0.0 | 0.0 | 500.0 | 500.0 |
| FY2003 Governor | 0.0 | 0.0 | 500.0 | 500.0 |