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January 14, 2022

Matanuska-Susitna Borough  
Mayor Edna DeVries and Members of the Assembly  
350 East Dahlia Avenue  
Palmer, AK 99645  
*Sent via email*

Re: Follow-up mining information regarding West Susitna Access discussion

Dear Mayor DeVries and Members of the Assembly:

The Alaska Miners Association (AMA) appreciated the opportunity to comment at the December 21, 2021 Assembly meeting, and writes today to provide follow-up and clarifying information regarding mining in Alaska, and the environmental regulatory structure under which it operates.

The concept of establishing access to the West-Susitna region has seen differing viewpoints from various users of the area. AMA appreciates the dialogue on the issue, and hopes to correct the record as some Borough residents provided inaccurate information.

During the December 21 meeting, a statement was made that “reclamation bonding for mines and gravel pits haven’t been updated since the 1950’s, and aren’t sufficient enough to protect the West Susitna region.” This statement couldn’t be more wrong. In the 1950s, there was no requirement for mines to reclaim the land, though some mines did. And there was no requirement or even a thought about bonding. That situation changed dramatically over the years, not all at once, but through a history of multiple improvements.

Today, Alaska has a modern reclamation law and requirement for reclamation bonds which are continually reviewed and recalculated to ensure that they protect Alaska. In the last few decades, like any industry, mining has had occasional bankruptcies. ***But during that time, Alaska has had no mine leave land unreclaimed, and not spent a single public dollar reclaiming mine land from this era.***

Below is a chronology of improvements in the State of Alaska’s regulation of reclamation and bonding:

**The 1950s.** There was no state requirement for reclamation and no state requirement that a mine company must post a reclamation bond.

**1960s and 1970s.** While there was no centralized state requirement for reclamation and bonding, requirements were sometimes included in land leases by private or state owners.

**1986. Bonding and Reclamation Requirements for Coal Mines.** Alaska passed the Alaska Surface Coal Mining Control and Reclamation Act which established reclamation and bonding requirements for coal mines in Alaska. The act allowed Alaska to take primacy of coal mine regulation from the federal government which had passed a nationwide act in 1977. Since that time, all coal mines in Alaska have been fully bonded with a full reclamation requirement. The federal government audits Alaska’s compliance with this requirement.

**1991. Reclamation requirement established for all mines in Alaska. Bonding required up to \$750/acre with additional assurance through the reclamation bond pool.**

In 1991, Alaska passed a revision to state law which required reclamation of all mine lands in Alaska. At that time, Alaska’s mining industry was primarily small placer mines (though Greens Creek Mine was operating in the federal Admiralty Island National Monument and the Red Dog Mine was operating on private, NANA-owned land in northwest Alaska). The state’s focus was on placer mines, and the \$750/acre cap was established based, in large part, on an estimate of the cost of placer mine reclamation. Additional financial assurance was provided by allowing mines to join a reclamation bond pool administered by the State of Alaska, which could be used for reclamation costs beyond that amount, if needed. Note that Alaska Department of Environmental Conservation also has a requirement for bonding, but it was limited to activities related solely to water quality.

**1996. Fort Knox begins operation; Voluntary full bonding implemented.** The Fort Knox Gold Mine was the first large mine (i.e., not placer) authorized by the State of Alaska since the requirement for full reclamation was established five years before. Fairbanks Gold Mining Inc., the company which owns the Fort Knox Mine voluntarily agreed to put up the full amount of reclamation in a bond, even though state law allowed it to limit its bond to \$750, which would have resulted in a significantly smaller amount. The Illinois Creek Gold Mine, permitted in 1999, also voluntarily agreed to place a larger (then thought of as a full bond amount) into a bond before beginning operation.

**2004. Full bonding for all large mines: the “reasonable and probable cost of reclamation.”** In 2004, the state agencies, working with the mining industry and with environmental groups, helped the legislature enact a change in Alaska’s reclamation law. Alaska law, AS 27.19, now requires that mining companies put up the financial assurance before mining which reflects the “reasonable and probable cost of reclamation.” All large mines – hard rock and coal – are required to provide the state financial assurance calculated to be the full cost of reclamation.

**Today. The Bonds:**

Mine	Status	Amount
Usibelli Coal	Operating	\$11,121,192
Greens Creek	Operating	\$92,000,000
Kensington	Operating	\$30,000,000
Pogo	Operating	\$71,908,000
Red Dog	Operating	\$580,000,000
Fort Knox	Operating	\$102,255,000
True North	Reclaimed	\$620,336
Rock Creek	Reclaimed	\$263,522
Illinois Creek	Reclaimed	\$1,000,000
Ryan Lode	Reclaimed	\$12,140
Nixon Fork	Suspended	\$6,033,000
		\$812,413,190

**Today. The Process:** Personnel at Alaska Department of Natural Resources, Alaska Department of Environmental Conservation and (when required) federal agencies (for mines on federal land) review and must approve all financial assurance calculations before a mine begins operation. The state generally, though not always, uses a calculation system developed by the State of Nevada Division of Environmental Protection (the Standardized Reclamation Cost Estimator). These bonds are recalculated every five years during permit renewal. In addition, the state uses an innovative process where, in an open public process in which the public may participate, the state hires a third-party contractor to review state’s and the company’s process and calculations.

Alaska's coal mining laws require a three-phase bonding process by which operators must abide. Phase I includes backfilling and re-grading to approximate original contour; Phase II includes seeding and planting of native trees and shrubs. While achieving Phase I (backfilling and re-grading) may occur within the first year of mining, Phase II (establishing a vegetative mat and planting trees and shrubs) can take several years. Phase III can only be achieved after successful completion of Phases I and II and a minimum of ten years after completing Phase II. Notably, our state's one coal mine, Usibelli Coal Mine, Inc. (Usibelli) recently announced it had achieved a historic reclamation milestone having been approved by the State of Alaska for Phase III bond release in the Poker Flats mining area.

According to state and federal law, coal mine operators must restore mined land to its approximate original contour and companies are required to post a bond to ensure that the mined land will be reclaimed. Achieving Phase III bond release by the State of Alaska takes decades. The regulators at DNR are dedicated and thorough in their responsibilities to ensure operators are following law and regulation.

**Conclusion: The statement that Alaska's reclamation requirements and process haven't been updated from the 1950s is completely inaccurate. Alaska has a proactive, protective and modern reclamation and financial assurance requirement backed up by a modern regulatory process.**

Finally, we encourage you to engage with the State of Alaska Departments on Natural Resources, Environmental Conservation, and Fish and Game to glean more information about the regulatory process that governs mining in Alaska. AMA members are also at your service to discuss any mining related questions or concerns you may have.

Thank you for your attention, and for the opportunity to provide this information.

Sincerely,



Deantha Skibinski  
Executive Director