

**Appendix A: DNR Responses to Public Comments Concerning
The Pac-Rim Chuitna Exploration Permit renewal application**

Following are Department of Natural Resources (DNR) responses to the written comments received during the public comment period (August 4, 2010 to October 13, 2010) for the renewal of the Chuitna Exploration permit. The DNR/Division of Mining, Land and Water, received a total of 221 comment submittals containing 320 individual comments. Of the 221 comments submittals, 215 came from private individuals, three were from non-government organizations;, one was from a state agency, one from a tribal corporation, and one comment came from a member of the State Legislature. The table below breaks down comments based where the commenter’s location.

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|------------------------------|------------|
| Beluga | 4 |
| Kenai Peninsula | 48 |
| Tribal Corporation (Tyonek) | 1 |
| Municipality of Anchorage | 72 |
| Mat-Su Area | 25 |
| Fairbanks-Healy | 5 |
| State Wide | 28 |
| General Area* | 19 |
| Out of State | 15 |
| Non-Government Organizations | 3 |
| Federal Agencies | 0 |
| Borough Government | 0 |
| State Agencies | 1 |
| Total | 221 |

*No Return Address provided

Comments and Responses to Comments

Granting an Exploration Permit is one step away from Coal Mining and Exporting of Coal:

Comment (C): The Division received 62 comments stating that the granting of an exploration permit is one step away from the mining and exportation of coal.

Response (R): Exploration of coal in Alaska is authorized under AS 27.21.200. In addition, before a permit to conduct surface coal mining could be issued, the applicant would have to meet all of the requirements of, Alaska Surface Coal Mining Control and Reclamation Act (AS 27.21) and 11 AAC 90. The exploration proposed at Chuitna Coal Project is an extension of an existing exploration program; some components of that work include information requested by the State.

DNR’s review of the application, and the application itself, is inadequate:

C: The Division received ten comments stating that the DNR’s review of the application, and lack of public online access of the application, was inadequate.

R: The application and all relevant documents and decisions regarding the Chuitna Exploration Permit have been available to the public at the Department of Natural Resources offices in Anchorage. In addition, the current renewal application was made available online on the DNR website.

Pac-Rim’s scheduling of activities is unclear, and may cause impacts to wildlife, which DNR has failed to consider adequately:

C: The Division received three comments stating that in a review of the current application, it is unclear what activities are being renewed. Information provided by Pac-Rim in the February 3, 2010 revision application is sketchy concerning timing of events. It is not clear if exploration efforts will be solely limited to winter, so as to mitigate encounters with wildlife.

R: Pac-Rim submitted a document titled “Re: ASCMRA Exploration Permit 02-83-795 Minor permit revision request” dated February 3, 2010. The term of an exploration permit renewal is two years. This document includes a table of planned activities in the attached Plan of Operations. The proposed dates covered the period March 1, 2010, through April 30, 2010. This is categorized as a minor revision to the existing permit. This activity has occurred; and 4 out of 10 monitoring wells were completed. The remaining 6 are to be drilled in subsequent winter seasons, should drilling them prove necessary. Winter operations will have a smaller impact to the permit area, with minimal damage to the environment. Any additional drilling would be done in the winter or would be helicopter supported to minimize environmental impacts.

Conflicts over set-net lease area:

C: Four comments were received stating that the preexisting set net site lease preempted any other land use due to proposed construction and access issues. Infrastructure built in Cook Inlet would be harmful.

R: The DNR has reviewed the application for renewal of exploration activities. Exploration activities are located inland and would have no effect upon an existing set net site. The exploration operations plan will not have any effect on tidewater leases in the area, as the focus of exploration will be on land miles from the coast.

The Exploration Application Documents are outdated:

C: The Division received two comments that the application and enclosed information contains some data that dates from 1983, making the application inherently inaccurate and questioning whether the application should not be used as a basis for permit determination.

R: The Division found that the application was complete and meet the requirements of 11 AAC 90.165 concerning the resource information an application must contain in order to obtain an exploration permit and or renewal.

Pac-Rims use of aircraft is disturbing bird migration:

C: One comment was received that stated the local group “Chuitna Citizens” has documented disruption of bird migration as a result of helicopter flights.

R: The use of aircraft is a generally allowed use on state land. Pac-Rim’s uses of helicopters have been limited to support of environmental studies by their subcontractors. The latest drilling covered under their exploration permit has been completed using low pressure ground vehicles during the winter months. The west side of Cook Inlet sees extensive air traffic from local air taxi operators, private aircraft, tourism, and traffic related to oil and gas operation and other coal exploration projects. The exploration activities do not constitute a significant increase in overall air traffic.

Vehicular traffic is displacing and stressing the area’s moose population:

C: Increased road traffic in the area has disrupted seasonal moose populations and winter disturbance is more stressing to the local moose population.

R: According to the most recent Alaska Department of Fish and Game Survey (fall, 2010), the moose population in the permit area and beyond is stable; with a high bull to cow ratio, and a high calf survival rate. The population in the area does not appear to be stressed. Pac-Rim has chosen to work in winter when impacts to the land and encounters with animals are minimized, or less likely to occur. Pac-Rim has committed to avoiding moose whenever possible.

The permit is inadequate because the DNR has no means of monitoring wildlife impacts:

C: The permit renewal does not explain how DNR will monitor or mitigate impacts to wildlife. A review of how DNR will monitor wildlife has not been formed. This, in effect, shows that the DNR is merely rubber-stamping an approval for the project.

R: As per 11 AAC 90 .165 (c), the applicant uses a management plan which monitors and mitigates impacts to wildlife and habitat. This plan is subject to approval by DNR, and DNR holds the applicant to the stipulations of that plan. The DNR will also liaise with ADFG/USFWS for advice and information as the applicant provides data in the permit area. The exploration operations have had no noticeable impacts to wildlife.

The exploration area is a nesting area for bald eagles:

C: The Division received one comment stating that, contrary to earlier claims, the area does host bald eagles. Pac-Rim must revise its estimate of impacts to birds based on this updated information. DNR cannot issue an approval until this is done.

R: There are no nesting sites within the exploration area; they occur at the mouth of the Chuitna River, and on the headlands overlooking Cook Inlet. Any approved exploration activities must meet the requirements of the Bald and Golden Eagle Protection Act as administered by the U.S. Fish and Wildlife Service.

Data used for baseline studies taken from Pt. McKenzie area is not representational of the Permit area:

C: The Division received one comment stating that weather activity as described in the Pt. McKenzie Area does not represent what actual patterns are like near Ladd Landing.

R: As part of their ongoing work in the area, Pac-Rim has provided local weather information as part of their application. This includes data for Ladd Landing and the drill exploration areas described by the operations plan. This information satisfies the requirements of 11 AAC 90.165.

DNR should evaluate Pac-Rim's earlier history concerning its performance before granting a permit:

C: The Division received one comment which cautioned DNR to perform a review and evaluation of how Pac-Rim has administered its previous permits, before a renewal is granted.

R: As provided for in 11 AAC 90.161 – 11 AAC 90.167, the DNR performs a complete review of the applicant's prior history and compliance with the issued exploration permit. If the applicant has performed within permit performance standards, the applicant has the right to apply for a renewal under AS 27.21.080. Pac-Rim has no outstanding violations of the Alaska Surface Mining Coal and Reclamation Act (ASMCRA).

DNR is promoting bad economics by trading one resource at the expense of another:

C: The Division received 66 comments stating that DNR should not allow mining of the permit area because it would jeopardize commercial fishing and tourism resources. Mining of this area would destroy the other two resource potentials for the sake of short term profit. Coal mining is unsustainable employment.

R: As the exploration operations plan is written, there will be drilling of monitoring wells, and the re-establishment of a METS (meteorological) station. There will be no mining associated with the exploration permit's approved activities. In addition, before a permit to conduct surface coal mining could be issued, the applicant would have to meet all of the requirements of, Alaska Surface Coal Mining Control and Reclamation Act (AS 27.21) and 11 AAC 90.

Permanent Loss of Habitat:

C: The Division received 54 comments stating that once fish habitat is removed it cannot be restored or reclaimed; it is detrimental to maintaining productive fish populations.

R: As the exploration operations plan is written, fish habitat will be protected, and will not be disturbed. The Division has carefully reviewed the proposed plan of operations and has determined that the impact to the environment from the proposed activity is within the scope allowed by 11 AAC 90.161-167, which govern the requirements and performance standards for coal exploration.

DNR should refuse the permit; it involves mining through a salmon stream:

C: The Division received 33 comments stating that the permit should not be granted because mining operations will destroy a salmon stream, and that it sets a bad precedent, allowing development where it should not happen.

R: The operations plan submitted to the DNR at this time is an exploration plan, which does not include mining. In addition, before a permit to conduct surface coal mining could be issued, the applicant would have to meet all of the requirements of, Alaska Surface Coal Mining Control and Reclamation Act (AS 27.21) and 11 AAC 90. In addition any disturbance in or near a fish bearing stream would have to meet the requirements of AS 16.05.871, which requires the applicant to minimize and mitigate impacts to fish resources, and to restore habitat if there are impacts.

Burning Coal creates Air Pollution and other Hazards:

C: The Division received 28 comments opposed to the mining and sale of coal due to hazards to health and environment associated with the burning of coal. The hazards are global warming and the acidification of the oceans, and metal toxins finding their way into the fish food chain.

R: DNR has carefully reviewed the proposed exploration operation plan of renewal under 11 AAC 90. The DNR has determined that the impacts are within the scope allowed by 11 AAC 90.161 - 11 AAC 90. 167. There will be no burning or mining of coal as part of the exploration activities.

DNR should protect fish:

C: The Division received 11 comments that the DNR should protect fish.

R: As the exploration permit is written, there should be no impacts to fish, as the exploration operations will be conducted away from fish habitat.

DNR should focus on developing Renewable Energy Resources, it should not endorse consumption of fossil fuel:

C: There were 12 comments asserting that the DNR should be investing in renewable, clean energy or alternative energy sources like wind, solar power and Hydro catalysis. These would generate “green” jobs. It would break our addiction to fossil fuel.

R: This comment addresses issues outside of DNR's scope of review of the proposed exploration renewal under 11 AAC 90. The DNR has no regulatory or statutory authority to make capital investments available for business ventures, or to impose directives concerning how private companies make investments in resource development. However, the DNR is involved in the permitting of a number of projects in the State that involve wind energy generation, geothermal power generation, and hydroelectric facilities.

Mining will destroy fishing jobs and curtail subsistence and commercial fishing interests:

C: The Division received nine comments stating that commercial fishing jobs will be permanently lost and that subsistence and commercial fishing would be severely curtailed.

R: In accordance with 11 AAC 90.167 (c), the applicant must utilize impact control measures, management techniques, and monitoring methods to protect endangered and threatened species, wildlife and fish habitat. If, in its review of these measures, the DNR finds them to be inadequate, it will refuse granting of a renewal. The operations plan submitted to the DNR at this time is for an exploration plan, which does not involve any mining activity.

Foreign Corporations should not be allowed to exploit Alaskan resources; the coal should be retained for future domestic use:

C: The Division received five comments stating that foreign corporations should not exploit and export our natural resources abroad, as they're needed here. The permit should not be granted if it meant the coal was to be bought and shipped to China or Japan.

R: Pac-Rim is a domestic, Alaska-based corporate entity. Pac-Rim is authorized to lease and develop coal resources in Alaska. The Alaska export markets for natural gas, fish, metals, and coal are an important segment of the Alaska economy.

Discharge of Mine Waste should not be allowed into the Chuitna River:

C: The Division received five comments that waste should not be discharged into the Chuitna River and its tributaries.

R: As the exploration permit application is written, there will be no mining activity, or discharge of mine waste into any rivers or waterways in the permit area. In addition, before a permit to conduct surface coal mining could be issued, the applicant would have to meet all of the requirements of, Alaska Surface Coal Mining Control and Reclamation Act (AS 27.21) and 11 AAC 90 and the requirements of the Alaska Pollutant Discharge Elimination System (APDES) Program.

Mining coal in Alaska will bring Mountain Top Removal practices to Alaska; it will wreak the same devastation as seen in Appalachia:

C: The Division received five comments stating that granting a permit would give the operator license to remove mountaintops as is done at mine sites in Appalachia. It will wreak the same type of devastation that ruined West Virginia, Kentucky, and Tennessee.

R: The operator's operation plans are for exploration drilling. The renewal does not involve the permitting of a mine at this point, or any other activities normally attributable to mining. If a mine were to be found feasible after this exploration program was concluded, the applicant would have to satisfy ASMCRA Permitting and Bonding requirements, and performance standards found in 11 AAC 90.

The DNR will be unable to enforce reclamation once Pac-Rim leaves the State:

C: The Division received four comments stating that once Pac-Rim is finished mining the area, it will leave the State. The DNR will not be able to enforce reclamation obligations because of this.

R: Bonding requirements as per 11 AAC.90.167 requires a bond adequate to reclaim all disturbances under this exploration permit. The Department has determined that the current bond held is sufficient to cover all reclamation liabilities under this permit. In addition, the department is able to collect individual civil penalties from the owner and controllers of the company and any parent company.

Area permitted is wetland; therefore it should not be permitted:

C: The Division received three comments stating that the area is wetlands and is therefore unsuitable for mining or mine exploration.

R: The exploration operations plan meets the applicant requirements as established in 11 AAC 90.161 – 11 AAC 90.167. The program is being conducted in the winter months to minimize potential impacts to wetlands.

Coal Mining companies have bad track records so far as cleaning up for themselves:

R: The Division received three comments that coal companies historically have bad environmental track records: i.e.: they don't clean up after themselves after mining activities have ceased in an area.

C: Previous activities authorized under this exploration permit have met the requirements of the act and have had minimal impacts to the environment. As it is written in the current exploration operations plan, operations are limited to drilling. In accordance with 11 AAC 90.167, the State requires a reclamation bond posted for all disturbances. The Department has determined that the current bond held is sufficient to cover all reclamation liabilities under this permit. Since implementation of the Surface Coal Mining and Reclamation Act of 1977, all coal mining in the United States has been heavily regulated, especially with respect to reclamation, which is a major focus of the act. Alaska assumed primacy for the program in 1983. This act requires companies to submit detailed operations and reclamations plans and allows the state to bond for the full cost of any reclamation. In addition, the act allows for criminal and civil penalties to be brought against mining companies and their operators if they fail to meet their reclamation requirements.

Permitting of the Chuitna Coal Mine is a foregone conclusion, as quoted by a DNR trade delegation sent to Japan:

C: The Division received four comments asserting that the permitting of a Chuitna mine was a foregone conclusion; therefore the DNR is a paid servant of mining companies. The basis for the comment is a statement made by DNR personnel in Japan.

R: The DNR has not received a complete application for the proposed mine and has made no decision as to the completeness or technical adequacy of the proposed project.

The State of Alaska must develop resources constitutionally consistent with the public interest. Coal mining is inconsistent with the public interest:

C: The Division received three comments stating that coal mining is inconsistent with public interest, therefore unconstitutional. DNR must maximize benefits for all people; wildlife must be a priority concern.

R: In Article 8.12 of the Alaska State constitution, the leasing of State lands for the location and extraction of minerals is provided for: “The legislature shall provide for the issuance, types and terms of leases for coal, oil, gas, oil shale, sodium, phosphate, potash, sulfur, pumice, and other minerals as may be prescribed by law. Leases and permits giving the exclusive right of exploration for these minerals for specific periods and areas, subject to reasonable concurrent exploration as to different classes of minerals, may be authorized by law. Like leases and permits giving the exclusive right of prospecting by geophysical, geochemical, and similar methods for all minerals may also be authorized by law.” The Alaska legislature passed legislation that governs how coal is leased and regulated in the State.

The public process doesn’t work because the DNR doesn’t listen to what the people want.

C: The Division received five comments stating that the public process doesn’t work, because the DNR doesn’t listen to what people want. It exists solely for corporate gain.

R: The DNR is required to collect all public comments and respond to these comments as per AS.27.21. In regards to Natural Resource protection, it is obligated to enforce all Statutes with AS 27.21 which includes all ASMCRA laws as outlined in 11 AAC 90.

The project, if permitted, will destroy life for the Tyonek Natives irreparably and forever:

C: The Division received three comments stating that the Tyonek Natives would suffer irreparable damage to their culture and way of life should mining commence in the area.

R: As the exploration permit is written, no mining is authorized within the permit area at this time.

Ocean Acidification will increase due to increased coal consumption:

C: The Division received three comments stating that the ocean will become more acidic because more coal is being burned.

R: The exploration application, as it is written, does not involve burning of coal.

Pac-Rim should be encouraged to use Coal to Liquid Technology as a means to avoid pit-mining:

C: The Division received two comments that stated Coal to Liquids (CTL) Technology should be used as a means of avoiding pit mining, thereby eliminating any threat to salmon streams.

R: The DNR does not have the statutory or regulatory authority to dictate how Pac-Rim should market its coal. However, the CTL technology is of continued interest to the State as is Coal Gasification technologies. The State encourages these types of technology which allow for development and utilization of our resources within the State.

Hydrology Effects:

C: Two comments were received concerning a possible disruption of water wells due to dewatering, and excavation of pits due to potential mining.

R: The current exploration plan is for the drilling of monitoring wells to determine the hydrology in and around the project area. Drilling of these wells has had negligible effects to the local hydrologic regime. Protection of regional hydrology is part of the exploration plan the applicant has proposed by the establishment of water monitoring wells, which will record any changes to the water table. This will help establish baseline hydrology data concerning the permit area.

Coal is carcinogenic and poses great risk to human health:

C: The Division received two comments stating that coal is a known carcinogen and poses significant risks to human health; it should not be mined.

R: The operations plan is one of drilling and subsurface exploration. There are no mining activities planned as part of the exploration program. The exploration program meets the regulatory obligations as outlined in 11 AAC 90.161 – 11 AAC 90.167. However, coal is a naturally occurring substance in the Cook Inlet region, outcropping throughout the area in bluffs and stream bottoms. Coal dust is suspected to be respiratory carcinogen in the environment where it is highly concentrated in a given volume of air, as in an underground setting.. As part of the development of the Supplemental Environmental Impact Statement, a health impact analysis is being conducted to look at the effects of coal on the human environment.

Property Values and the environment will be ruined:

C: The Division received two comments stating that property values would be ruined because the environment would be permanently ruined by mining.

R: The comment concerning property value is beyond DNR's scope of review of the proposed exploration renewal under 11 AAC 90. As the exploration permit is currently written, there will be no mining activities during the planned exploration period. In accordance with 11 AAC 90.167 (C), wildlife and habitat must be monitored and protected from permanent harm.

Hunting and tourism are better uses for the land:

C: The Division received one comment stating that the Chuitna area should be used exclusively for hunting and tourism.

R: According to the Kenai Area Plan (2000), page 2-37, sec F; Lands available for coal leasing and prospecting; “Those lands that are currently available for coal leasing will continue to be available under this plan.” This area plan was adopted by the state of Alaska and signed by both the Commissioner of the Department of Natural Resources and the Commissioner of Fish and Game.

Barrick has been sued many times for environmental infractions, so it should not be granted a permit:

C: One letter received stated that Barrick has been sued over environmental infractions and has a generally poor record. On this basis, the permit should be denied.

R: The permit under consideration for renewal is owned by Pac-Rim Coal. Barrick’s interests are adjacent to the property and are not the subject of this review.

If the permit is granted; destructive mining will spread to the Kenai and Kasilof rivers:

C: The Division received one comment stating that destructive mining of the Kenai and Kasilof rivers would occur if a permit to explore was granted.

R: The coal geology in and around the Kenai and Kasilof rivers would not support a coal development. In these areas, as there is a lack of shallow economic coal resources. According to the Kenai Area Plan (KAP), the Kasilof and Kenai rivers are designated Public Use, Recreation Land. On page 3-162 of the KAP, the Kasilof River has been designated as an Area Meriting Special Attention (AMSA) and there is a 300 foot buffer zone between the river bank and any commercial activity, in effect. Like the Kenai River, the Kasilof River is also designated as a Special Management Area (page 3-164) and has been primarily set aside as General Use Recreation and Wildlife Habitat.

China is polluting our air, so we shouldn’t sell coal to them:

C: The Division received one comment stating that China is a major source of air pollution, which will come back to us and therefore, no Coal should be sold to China.

R: The DNR can only comment on issues pertinent to the exploration permit, within the guidelines of current permitting regulations and statutes. The comment submitted does not address any aspect of the proposed exploration permit renewal under 11 AAC 90.

During the course of mining operations, there may be an accident whose consequences will be long term and irreparable:

C: The Division received one comment that despite best intentions on the part of the operator and the DNR, an unplanned accident, fuel spill, dam failure, etc. could happen in which the results would be unanticipated and irreparable.

R: The item under review is a renewal of the exploration permit. As it is written, the exploration renewal application does not involve mining. The Division has carefully

reviewed the exploration plan and has decided that the plan falls within the accordance of 11 AAC 90. 161-167; covering coal exploration and will have minimal impacts to the environments.

Legislation should be passed banning mining near and in Salmon streams:

C: The Division received one comment stating that the legislature should pass laws banning mining adjacent to or in salmon streams.

R: The DNR can only comment on issues pertinent to the exploration permit, within the guidelines of current permitting regulations and statutes. This comment is beyond DNR's statutory and regulatory authority as outlined in 11 AAC 90.

Supporting Comments:

C: The Division received eight comments supporting renewal of the exploration permit.

R: the Division welcomes all commentary concerning the Exploration Permit renewal.