

# STATE OF ALASKA

*SEAN PARNELL, Governor*

## DEPARTMENT OF FISH AND GAME

*DIVISION OF HABITAT*

333 RASPBERRY RD.  
ANCHORAGE, ALASKA 99518  
PHONE: (907) 267-2342  
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### CERTIFIED MAIL

January 15, 2010

Mr. Ken Taylor  
3201 C St., Suite 604  
Anchorage, AK 99503

Dear Mr. Taylor:

Re: Pebble Limited Partnership Water Withdrawals

On November 6, 2009, the Division of Habitat was forwarded your correspondence to Mr. Tom Crafford, Alaska Department of Natural Resources (ADNR), informing him that the Pebble Limited Partnership (Pebble) had withdrawn water to support drilling operations from areas believed to be outside the geographic scope of ADNR's Temporary Water Use Permits (TWUPs).

Based on this letter, the Division of Habitat investigated whether these water withdrawals were authorized by Fish Habitat Permits issued under AS 16.05.871 or AS 16.05.841. Our investigation revealed that in 2009, Pebble withdrew water from five locations that were not reviewed for permit requirements by the Division of Habitat. These locations were at water withdrawal points associated with diamond drill holes 9455, 9465, 9467, 9469, and 9473. The five water points are not in waters designated as being important for the spawning, rearing, or migration of anadromous fishes and the presence of resident fish have not been documented at these locations.

Nevertheless, because Pebble withdrew water from five sites not submitted for review by the Division of Habitat, its existing Fish Habitat Permits (FH 07-II-0010, FH 07-II-0011, FH 07-II-0012, FH 07-II-0013, FH 07-II-0014, FH 07-II-0026, FH 07-II-0079, FH 09-II-0160, and FH 09-II-0161) are hereby suspended. In order to lift the suspension of its Fish Habitat Permits, the Division of Habitat requires that Pebble provide written assurances detailing what measures will be taken by the company and its contractors to ensure that requests for water withdrawal are made in advance, that proper permits are in place prior to water withdrawals, and that the company and its contractors are in compliance with these permits during field activities. In that regard, it is our understanding that Pebble's actions are also a violation of the Alaska Water Act and Water Management Regulations, which are being addressed in a letter from the Alaska Department of Natural Resources to Pebble. Further, in its letter, DNR has indicated that Pebble must submit a written plan that will ensure that these types of violations do not occur in the future and the plan must be approved by both DNR and ADF&G Division of Habitat. The suspension of Pebble's Fish Habitat Permits will be lifted once this plan is approved by all agencies.

Please contact Habitat Biologist Ron Benkert at 267-2113 or by email at [ronald.benkert@alaska.gov](mailto:ronald.benkert@alaska.gov) with any questions or concerns.

Ken Taylor

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January 15, 2010

Sincerely,

A handwritten signature in black ink, appearing to read "Michael J. Daigneault". The signature is fluid and cursive, with a prominent initial "M" and a long, sweeping tail.

Michael J. Daigneault  
Regional Supervisor  
Anchorage Area Office

cc: J. Dye, ADF&G  
C. Ballard, DCOM  
T. Sands, ADF&G  
AWT, Dillingham  
A. Devalpine, Bristol Bay CRSA  
S. Morstad, ADF&G  
A. Ott, ADF&G  
T. Crafford, ADNR  
S. McCoy, COE  
AWT, King Salmon  
S. Palmer, ADEC



January 22, 2010

Mr. Michael Daigneault  
Regional Supervisor, Habitat Division  
Alaska Department of Fish and Game  
333 Raspberry Road  
Anchorage, Alaska 99518

Re: Pebble Limited Partnership Water Withdrawals

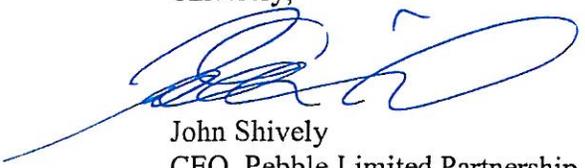
Dear Mr. Daigneault,

I am writing in reply to your letter of January 15, 2010 regarding the five water withdrawals in 2009 to support our exploration drilling operations that you state were not reviewed for permit requirements by the Habitat Division of the Alaska Department of Fish and Game. When it came to my attention last October that some of the water sources our drilling operations were using may not have been properly permitted by the Department of Natural Resources or the Department of Fish and Game we conducted an audit of our drilling operations from 2007 through 2009, and reported our findings to the Department of Natural Resources.

Additionally, the Pebble Limited Partnership implemented a more rigorous approach to permitting for exploration drilling to ensure all exploration activities consistently follow the stipulations found in both the Temporary Water Use permits issued by DNR and the Fish Habitat permits issued by your agency. We have recently hired a new Environmental Site Coordinator who will work with site personnel to ensure strict protocols are followed which will be presented in the plan required by both your agency and DNR. This plan is currently being drafted and should be available for your review and that of DNR staff very soon.

Let me assure you that despite any administrative errors PLP may have made, all of our water withdrawals have consistently followed the requirements on our existing Fish Habitat permits to ensure we protect the fisheries resources of the project area. In fact, PLP has installed water intake screens and other mitigation measures consistent with Alaska fish habitat permit requirements, for *all* water bodies used for water withdrawal, whether or not fish are present and whether or not a permit is required under applicable law.

Sincerely,



John Shively  
CEO, Pebble Limited Partnership