

**Alaska Department of Natural Resources
Division of Mining, Land and Water
Southeast Regional Office**

**Preliminary Decision Memorandum
Land Use Permit- LAS 26679
Redfern Resources, Inc.
Amphibious Tug and Barge Operations on Taku River Shorelands**

- I. Action:** The Southeast Region Office of the Alaska Department of Natural Resources (DNR) Division of Mining, Land and Water (DMLW) is considering issuance of a land use permit to Redfern Resources, Inc. for the purpose of conducting amphibious tug and barge operations on the shorelands of the Taku River, a navigable waterway, to and from the Tulsequah Chief Mine in British Columbia, Canada. Operations will continue year-round under conditions and limitations specified in the Tulsequah Chief Mine Air Cushion Barge Transportation System Operations Plan, dated November, 2007.
- II. Statutory Authority:** AS 38.05.850.
- III. Land Description:** The proposed project is located on the State shorelands of the Taku River between the US/Canada border and the mouth of the Taku River near Annex Creek. Within the Copper River Meridian, Township 40S, Range 69E, Sections 1, 2, 10, 16, 21, 28, 33; Township 39S, Range 69E, Sections 12, 13, 24, 25, 36; Township 39S, Range 70E, Sections 1, 2, 3, 4, 5, 7, 8; Township 38S, Range 71E, Sections 14, 15, 22, 27, 28, 31, 32, 33.
- IV. Background:** The Tulsequah Chief mine is located in British Columbia, Canada on a tributary to the Taku River approximately 15 miles from the US/Canada border. Currently the only means of transportation into the mine is by air and water. Traditional access to the mine site was provided by conventional barging operations which are only possible in summer months depending on river flow. Development of a 100 mile (160km) long road from Atlin, BC to the mine has been approved by the Canadian government. The mine operator, Redfern Resources, Ltd., has proposed an alternative transportation option that would use air cushion barges and an amphibious tow vessel operating year around on the Taku River between the mine site and Juneau, Alaska.

The alternative transportation option is being pursued by Redfern for the following reasons:

- Reduction of environmental impact
- Smaller overall project footprint
- Lower capital cost
- Reduced operating cost of shipping concentrate and mine re-supply
- Accelerated project construction schedule
- Reduced risk of cost overruns associated with road construction schedule
- Greater public acceptance
- Greater operational flexibility
- Safer transportation alternative in the winter months

Application for a land use permit was received on December 5, 2007.

V. Land Status/Classification: The State land in the vicinity of the proposed land use is subject to the Juneau State Land Plan (JSLP), adopted December, 1993. The site is located within Unit 14a – Taku River, and crosses through seven land use areas (see Table 1). Land use designations in these areas include General Use, Habitat, Harvest, Public Facilities, and Recreation and Tourism. These designations result in classifications of Resource Management, Wildlife Habitat, Public Recreation, and Reserved Use Lands.

The management intent for State lands in the Taku River is to provide continued recreational use and to protect the valuable international fishery and other habitat and harvest values. Development of mining access is also considered to be consistent with the management intent for this unit.

<i>Area #</i>	<i>Area name</i>	<i>DNR Land use designation</i>	<i>Classification</i>	<i>Resource or Use</i>
14a1	Upper Taku Inlet/ Grizzly Bar	General Use, Habitat, Harvest	Resource Management and Wildlife Habitat Land	Hunting, moose and wolf habitat,
14a28	Canyon Island	Habitat, Harvest, Public Facilities- Retain	Wildlife Habitat and Reserved Use Land	Moose and bear habitat, Hunting, ADFG research camp and Canadian Salmon Studies
14a40	Taku River and Flannigan Slough	Habitat, Harvest, Recreation and Tourism- dispersed use	Wildlife Habitat and Public Recreation Land	Anadromous stream, moose habitat in floodplain; hunting
14a44	Yehring Creek	Habitat, Harvest, Recreation and Tourism- dispersed use	Wildlife Habitat and Public Recreation Land	Eulachon Spawning Area, anadromous stream, hunting
14a51	Taku Side channel	Habitat, Recreation and Tourism- dispersed use	Wildlife Habitat and Public Recreation Land	Anadromous stream, bear and moose habitat
14a54	Taku River near Lodge	Recreation and Tourism- public use site, Harvest, Habitat	Wildlife Habitat and Public Recreation Land	Anchorage, sport hunting and fishing, anadromous stream
14a55	Taku River	Habitat, Recreation and Tourism- dispersed use	Wildlife Habitat and Public Recreation Land	Eulachon Spawning habitat

The relevant Areawide Land Management Policies for this proposed use include the following Habitat and Harvest policies:

Habitat – The proposed use takes place in designated fish and wildlife habitat areas. The proposed use is neither designated nor expressly prohibited by this plan. The proposed use can be allowed if the use does not result in habitat alteration, such as habitat compaction and disturbance, or in significantly decreased value and productivity of the habitat. If the use does result in habitat alteration or a significantly decrease in the value and productivity of the habitat, then the proposed use can only be allowed if it receives a conclusive consistency determination under the Alaska Coastal Management Program (ACMP) and significant impacts are mitigated.

Supplemental information¹ prepared for the applicant has evaluated impacts to the physical aquatic environment, fish and wildlife habitat, marine mammals and terrestrial mammals, identified measures to avoid and or minimize potential adverse effects, and concluded that the

¹ Gartner Lee, Tulsequah Chief Mine Air Cushion Barge Transportation System Volume 2: Supporting Information for the BC Project Approval Certificate Amendment and the Alaska Coastal Consistency Review, 2007, Sections 5.6, 5.7, and 5.8.

proposed use would not significantly decrease the value and productivity of the habitat. If, through the agency and public review process, additional information indicates that significant alteration or decreases in the value and productivity of fish and wildlife habitat will occur, the use shall only be allowed if those impacts are mitigated and a conclusive consistency determination is issued.

Harvest – The proposed use takes place in designated fish and wildlife areas. The proposed use is not expressly allowed or prohibited by the area plan. The proposed use can be allowed if it avoids significant adverse impacts on the designated fish and wildlife harvest activities. It is not anticipated that there will be significant adverse impacts on the designated fish and wildlife harvest activities resulting from this use.

DMLW has determined that issuance of a land use permit may be compatible with the designation, classification and management intent for the land. DMLW will make a final determination in the Final Decision Memorandum for this project.

VI. ACMP Consistency Review: Issuance of the land use permit will be pursuant to AS 46.40 and 11 AAC 110 and in accordance with ACMP Conclusive Consistency Determination No. AK 0711-04J.

VII. Other Authorizations:

a. **DNR, Office of Habitat Management and Permitting:** Habitat Permit; issuance of the land use permit will be pursuant to any conditions of the habitat permit.

VIII. Insurance: In addition to requiring the standard insurance conditions, the company has proposed joining the Southeastern Alaska Petroleum Resource Organization (SEAPRO). SEAPRO has pre-positioned oil spill response teams and equipment throughout Southeast Alaska and is classified as an oil spill removal organization for rivers. Membership in SEAPRO will be required as a condition of the permit.

IX. Bonding: DMLW policy requires consideration of a performance guarantee. Performance guarantees assure performance and provide a means to pay for corrective action if authorized users fail to comply with the requirements set forth in the authorization. They are also used to protect State land from damage and to ensure that the land is returned to satisfactory condition upon termination of the authorization.

Performance Guarantees ensure the obligations of authorized users are met. These obligations may include, but are not limited to:

- Payment of use fees.
- Payment of fees associated with inspections (11 AAC 5.010(a)(7)(M)).
- Removal of improvements, equipment, materials, and debris.
- Site restoration and reclamation.
- General compliance with terms and conditions of the authorization.

A performance guarantee shall be required. The exact amount of the performance guarantee has not yet been determined, but will not be less than \$250,000. The final amount will be based on the estimated cost of removing a fully loaded hoverbarge under a scenario in which it is abandoned on State owned shore lands under a variety of seasonal and weather conditions. Additional information on these estimated costs is being collected. DMLW will consider

comments regarding the performance guarantee for this proposed operation. The final amount will be included in the Final Decision Memorandum and land use permit.

- X. **Fees:** An annual land use fee in the amount of \$17,600.00 will be required. The fee is based on 11 AAC 05.110(e)(9), which requires that a miscellaneous use of land that may interfere with public use requires an annual fee of \$50 per acre. The area of operations, calculated using length of route and width of hoverbarge, covers approximately 352 acres.
- XI. **Public/Agency Review and Notice:** Notice will be provided in accordance with AS 38.05.850 and 11 AAC 96.040 of DMLW's proposal to issue a land use permit to Redfern Resources for use of approximately 352 acres of State shorelands on the Taku River. Notice is being published in the Juneau Empire and posted on the State of Alaska On-Line Public Notice system, provided to adjacent landowners, state, federal and local governments and other interested parties.
- XII. **Response to Comments:** Following the public and agency review process, all comments will be considered and responded to. Based on these comments DMLW may decide to (1) issue the permit as preliminarily proposed, (2) issue the permit with additional conditions, or (3) deny the permit.
- XIII. **Permit Form and Special Conditions:** The draft land use permit that would authorize this proposed operation is simultaneously being released for public review and comment. Modifications to the standard conditions or special conditions may be incorporated upon the final decision.
- XIV. **Recommendation:** The DMLW Southeast Regional Office recommends that the proposed land use permit application LAS 26679, preliminary decision memorandum, and draft land use permit be released for public and agency comment.
- XV. **Finding and Decision:** It is the finding of the Regional Manager that it is in the best interest of the State to proceed with public and agency notice under the authority of AS 38.05.850.



Ed Collazzi
Southeast Regional Manager

12/17/2007
Date