

STATE OF ALASKA DEPARTMENT OF NATURAL RESOURCES
DIVISION OF MINING, LAND AND WATER

PRELIMINARY DECISION

ADL 232199

Donlin Gold LLC - Application for Lease

Private Airstrip

AS 38.05.070(c)

This Preliminary Decision (PD) is the initial determination on a proposed disposal of interest in state land and is subject to comments received during the public notice period. The public is invited to comment on this PD. The deadline for commenting is **5:00 PM on March 29, 2019**. Please see the Comments and Competitive Interest section of this decision for details on how and where to send comments for consideration. Only the applicant and those who comment have the right to appeal the Final Finding and Decision (FFD).

Proposed Action:

The Department of Natural Resources (DNR), Division of Mining, Land and Water (DMLW), Southcentral Regional Land Office (SCRO) has received a request from Donlin Gold LLC (Donlin) to lease 439 acres, more or less, of state land for 55 years, located 10 miles northwest of the community of Crooked Creek and approximately 145 miles northeast of Bethel, Alaska. Donlin is proposing to use this site for the construction of a private airstrip and associated facilities in support of the proposed Donlin Gold Project (Figure 1). The airstrip and related facilities will transport supplies, materials, and personnel in support of construction, operation, and future reclamation activities at the mine. The airstrip will encompass a total of 570 acres of land, however, the northwestern portion of the airstrip containing 131 acres falls within Calista Corporation lands. Donlin states they have secured approval to construct the portion of the airstrip located on Calista Corporation lands. The location of the airstrip is further described as being within Sections 3 and 4 of Township 22 North, Range 50 West, Seward Meridian.

ADL 232199 would authorize a leasehold for the construction, use, operation, and maintenance of a runway, taxiway, apron, safety areas, blast pad, ditching, aboveground fuel storage tanks, a multi-purpose building, and other related infrastructure in support of the private airstrip. The site will be fenced and gated to restrict public access for safety purposes. Donlin's lease application requests

a 55-year lease term. However, given Donlin's own projection of an approximately 27.5-year mine operating life, DMLW is considering the issuance of a 30-year lease under AS 38.05.070(c) and AS 38.05.070(d) to Donlin for a private airstrip and associated facilities. DMLW would issue an Entry Authorization (EA) for construction, use, operation, maintenance, survey, and appraisal of the lease site prior to lease issuance.

Background:

Donlin Gold LLC is a limited liability company that is equally owned by Barrick Gold U.S., Incorporated and NovaGold Resources Alaska, Incorporated. Donlin is proposing to develop an open pit, hard rock gold mine, referred to as the Donlin Gold Project, located 10 miles north of the community of Crooked Creek and approximately 145 miles northeast of Bethel, Alaska. The open pit portion of the mine will be located on private land owned by the Kuskokwim Corporation and the subsurface estate containing the ore deposits to be mined is owned by the Calista Corporation. The mine is expected to take three to four years to construct, and Donlin plans to produce over 33-million ounces of gold during the life of the mine, estimated at approximately 27.5 years. Donlin foresees employing up to 3,000 people during mine construction and up to 1,400 people annually during mine operations.

Materials and supplies will be transported to the mine site via barges on the Kuskokwim River from a proposed port facility (ADL 232200). The port will be connected to the mine site by a proposed road (ADL 232346). The airstrip (ADL 232199) will also be connected to the proposed road and will provide an additional way to access the mine and related infrastructure. To date, DMLW has received multiple applications from Donlin to construct associated improvements on state land, and will be responsible for adjudicating separate authorizations for the proposed mine, consisting of:

- ADL 232199 – Lease for an airstrip and associated infrastructure;
- ADL 232200 – Lease for a port facility;
- ADL 232334/ADL 232360 – Material Sale Contract/Material Site;
- ADL 232335/ADL 232361 – Material Sale Contract/Material Site;
- ADL 232336/ADL 232362 – Material Sale Contract/Material Site;
- ADL 232337/ADL 232363 – Material Sale Contract/Material Site;
- ADL 232338/ADL 232364 – Material Sale Contract/Material Site;
- ADL 232339/ADL 232365 – Material Sale Contract/Material Site;
- ADL 232340/ADL 232366 – Material Sale Contract/Material Site;
- ADL 232346 – Easement for access roads;
- ADL 232368 – Easement for a fiber optic cable;
- LAS 31107 – Land Use Permit for a temporary access road;
- LAS 31108 – Land Use Permit for a temporary access road.

Additional applications may be received from Donlin for other projects related to the proposed Donlin Gold Project.

Scope of Review:

The scope of this decision is to determine if it is the State's best interest to issue ADL 232199, or determine if competitive interest exists from other companies in developing the site.

Authority:

This lease application is being adjudicated pursuant to AS 38.05.035(b)(1) and AS 38.05.035(e) Powers and Duties of the Director; AS 38.05.070(c) and (d) Generally; and AS 38.05.945 Notice.

The authority to execute the PD, FFD, the EA, and the lease has been delegated to the Regional Managers of DMLW.

Administrative Record:

Case file ADL 232199 constitutes the administrative record for the Donlin airstrip lease application.

Legal Description, Location, and Geographical Features:

The state land where this proposed lease is located is described as follows:

- **Legal Description:** Sections 3 and 4 of Township 22 North, Range 50 West, Seward Meridian
- **Geographical Location:** 10 miles northwest of the community of Crooked Creek
- **Approximate Lat/Long:** 62° 1' 51.24" N, 158° 25' 53.0394"
- **Area Geographical Features:** Kuskokwim mountains
- **Existing Surveys:** None
- **Municipality/Borough:** Unorganized Borough
- **Native Corporations/Federally Recognized Tribes:** Calista Corporation, the Kuskokwim Corporation, and the Village of Crooked Creek
- **Size:** 439 acres, more or less

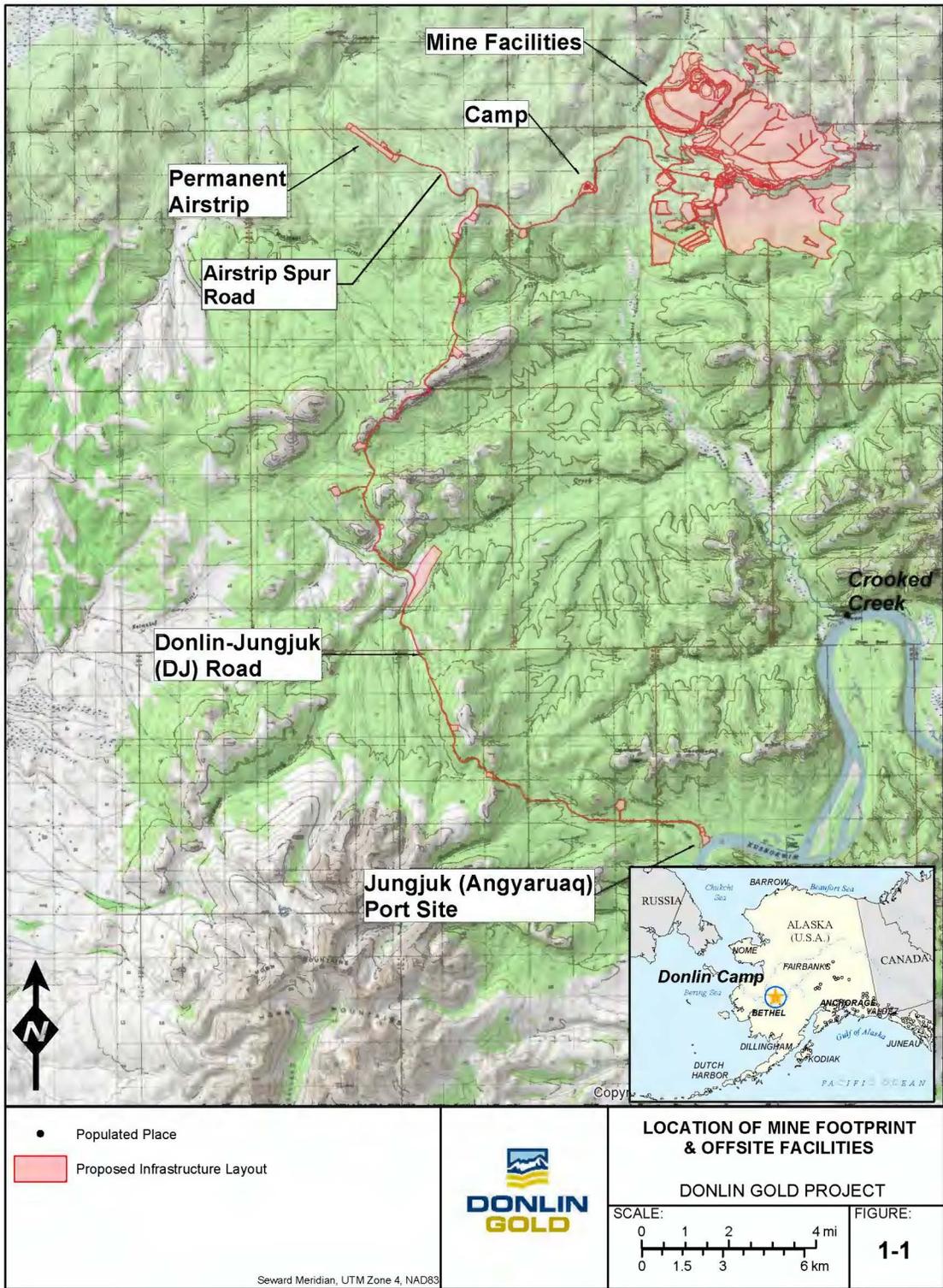


Figure 1: Location of proposed Donlin Gold mine and related facilities.

Title:

The subject land has been vested to the State of Alaska under General Selection File No. 6432, and Tentative Approval No. 2008-0087, dated February 15, 2008. A DNR Title Report (RPT-10586) issued on March 20, 2018 from DMLW's Realty Services Section attests that, aside from the usual reservations for ditches and canals, there are no other reservations within the proposed leasehold.

Third Party Interests:

There are no known third party interests within the proposed boundary of ADL 232199.

Classification and Planning:

A proposed Amendment to DNR's Kuskokwim Area Plan and Land Classification Order (No. SC-88-001A21) have been drafted by DMLW's Resource Assessment and Development Section to address management of state land and unclassified land within the proposed Donlin project area. The proposed Area Plan Amendment and Land Classification Order is being issued for public comment concurrently with this decision. Information on how to comment on the proposed Area Plan Amendment and Land Classification Order can be found on the Alaska Online Public Notice System.

Traditional Use Findings:

Per AS 38.05.830, prior to a lease being issued for state land that is located within an unorganized borough, the effects of the proposed lease on local populations and potential conflicts with traditional uses of the land shall be considered. Traditional activities near the proposed project area include subsistence activities, hunting and fishing, trapping, and mining. Possible impacts to traditional use activities from the proposed airstrip may include impacts to fish and wildlife populations and/or habitat, increased competition for subsistence resources, and restrictions on access to resources.

Donlin has developed the following mitigation measures to address effects on traditional use activities: best management practices; compliance with regulations and standard permit requirements; design and construction of infrastructure; Federal agency considered mitigation methods; compensation for impacts such as providing substitute resources; monitoring and adaptive management; following guidance of the final Donlin Gold Project Environmental Impact Statement dated April 2018; and coordination with the public, and state and federal agencies.

Further, Donlin will be subject to DMLW's standard, additional stipulations, and any other stipulations generated as a result of the public notice process.

Access:

Current access to the proposed airstrip is via the Kuskokwim River, all-terrain vehicles, and aircraft. Donlin proposes to construct a road, the Donlin-Jungjuk Road, which will connect the

Jungjuk Port to the mine site and will include a connecting road referred to as the Airstrip Spur Road. The Airstrip Spur Road would begin at mile 5.4 of the Donlin-Jungjuk Road and provide access to ADL 232199. The proposed Donlin-Jungjuk and Airstrip Spur Road is being adjudicated under a private easement authorization (ADL 232346). All future access to ADL 232199 will be by aircraft or via Airstrip Spur Road.

Scoping Notice:

A Scoping Notice was conducted August 31, 2016. The comment period closed October 17, 2016. The purpose of the Scoping Notice was to inform interested parties, and receive public input, on the Donlin applications received by DMLW. The information gained as a result of the Scoping Notice has been considered in this PD. The 11 comments submitted serve to inform the decision-making process on the Donlin applications under consideration, however, they are not addressed or being responded to in this PD, nor the FFD.

Agency Review:

Two Agency Reviews were conducted for the proposed Donlin authorizations. The first Agency Review was conducted on June 28, 2016, and the deadline to submit comments was August 12, 2016. A second Agency Review was conducted on February 27, 2018, and the deadline to submit comments was April 2, 2018.

The following agencies were included in the reviews:

- DNR DMLW - Mining
- DNR DMLW - Water
- DNR DMLW - Survey
- DNR DMLW - Resource Assessment and Development
- DNR DMLW - Land Sales
- DNR Division of Parks and Outdoor Recreation (DPOR)
- DNR DPOR Office of History and Archaeology, State Historic Preservation Office
- DNR Division of Oil and Gas (DOG)
- DNR Division of Agriculture
- DNR Office of Project Management and Permitting
- Alaska Department of Fish and Game (ADF&G) - Division of Habitat
- ADF&G - Division of Wildlife Conservation
- Alaska Department of Environmental Conservation (ADEC)
- Alaska Department of Transportation and Public Facilities
- Alaska Department of Commerce, Community and Economic Development
- U.S. Department of Commerce, National Oceanic and Atmospheric Administration, National Marine Fisheries Service
- U.S. Department of Homeland Security, Coast Guard

- U.S. Department of the Interior, Bureau of Land Management
- U.S. Department of Transportation, Pipeline & Hazardous Materials Safety Administration
- U.S. Department of Defense, Army Corps of Engineers
- U.S. Department of the Interior, Fish & Wildlife Service (USFWS)
- U.S. Environmental Protection Agency

During the 2016 Agency Notice, DMLW received one comment from USFWS. During the 2018 Agency Notice, a comment from ADEC was received concerning the location of a known contaminated site near the easement alignment proposed in ADL 232368, this comment was outside the scope of this PD.

USFWS Comment:

“The U.S. Fish and Wildlife Service (Service) provides the following permit specific recommendations, in response to the Donlin Gold Mine lease permits applications to the State of Alaska. The following permit-specific recommendations provide consistency in our recommendations on this project to the state and the USACE. We look forward to continuing to provide engagement with the state to support early project planning to avoid and reduce project related impacts on fish and wildlife.

Disturbance Areas

- To expedite succession of functional habitat, we suggest salvaging and re-spreading topsoil over disturbed areas of surrounding facilities and along barrow ditches of access roads. The first 10-12 inches of soil contains site specific native seed and organic matter that will ultimately conserve resources and promote infill with native vegetation. We suggest salvaging the organic topsoil (by soil type) and spreading the topsoil (by soil type) back over the disturbed areas after construction. Topsoil should be signed as topsoil and stored in a manner that will keep it viable until it is spread back over the disturbed site.
- If placement of materials such as riprap is implemented to stabilize stream banks above or below stream crossings, use topsoil to fill the voids between the stones and seed the surface with native grasses and/or forbs to provide some habitat value and help stabilize the rock.
- Incorporate erosion control measures to reduce erosion on cut and fill slopes and to prevent sediment from entering wetlands/waterways.
- Provide a noxious weed prevention plan to avoid the establishment and spread of undesirable non-native vegetation in disturbed areas.

Avian Habitat Protection

- To protect migratory birds, avoid clearing previously undisturbed ground cover or vegetation during the nesting season. See the attached document, “Land Clearing Timing Guidance for Alaska”, for the appropriate dates.

- Recommend a disturbance buffer of 660 feet for eagle nests, and to avoid blasting and other activities that produce extremely loud noises with 0.5 mile of bald eagle nests (or within 1 mile in open areas), unless greater tolerance to the activity (or similar activity) has been demonstrated by the eagles in the nesting area.”

SCRO Response:

Donlin has been made aware of these comments through this PD. Donlin is advised to follow all local, state, and federal laws and the conditions of necessary related authorizations for the protection of fish and wildlife habitat within the proposed project area.

Lease Discussion:

DMLW is considering issuance of a 30-year lease to Donlin under AS 38.05.070(c) and (d) for use of 439 acres, more or less, of state land for the construction, use, operation, and maintenance of a private airstrip and other related infrastructure in support of the proposed Donlin gold mine. The purpose of the airstrip is to provide for the transportation of personnel and materials to and from the mine site. Donlin currently operates an airstrip adjacent to their existing work camp near the proposed mine, however, the current airstrip is located on lands that are planned for the open pit portion of the mine and other associated infrastructure. Therefore, a new airstrip is proposed to meet the future needs of the mine.

The proposed airstrip and associated facilities will be located approximately eight miles west of the proposed mine site. Infrastructure at the site will consist of a runway, taxiway, apron, safety areas, blast pad, ditching, aboveground fuel storage tanks, a multi-purpose building, and other related infrastructure. The entire airstrip and associated infrastructure will be fenced and gated for safety purposes. According to Donlin's Development Plan, the proposed airstrip will be "operated year-round in support of construction activities, ongoing mining operations, and reclamation and closure."

The gravel runway will measure 5,000-feet by 200-feet to allow large aircraft such as the DHC Dash 8 and C-130 Hercules to land safely. The runway and apron combined will encompass about 89 acres and will contain 12-inches of crushed rock or gravel on the surface. Approximately 600,000 cubic yards (cy) of cut-to-fill, locally sourced material will be used for construction. The aircraft apron (parking area) will be located west of the multi-purpose building. Safety areas and blast pads will be located at each end of the runway. Donlin's Development Plan states "the airstrip design is based on U.S. Department of Transportation, Federal Aviation Administration standards." The airstrip will be equipped with communication instruments for activities such as aircraft safety and navigation, weather observations and other related needs. Construction of the proposed airstrip is expected to begin early in the project life of the mine. Heavy equipment such as loaders, graders, compactors, cranes, and excavators will be used to construct the airstrip and

associated infrastructure. Final design of the airstrip would be completed during the detailed engineering phase of construction.

A multipurpose, warehouse-type building for cargo and equipment storage will be located on the airstrip's apron. Additional space at the site will provide for potential vehicle parking and storage. The building will approximately measure 100-feet by 50-feet wide and 20-feet to 40-feet tall and will likely be constructed of metal siding or other durable material built over a concrete base foundation. The building will be supplied with electricity using a 200-kilowatt generator, and the building may or may not be heated. Actual building dimensions, construction material and design will be defined during the detailed engineering phase of construction.

Two 10,000-gallon aboveground aircraft fuel storage tanks and one 5,000-gallon diesel fuel tank will be located on the airstrip apron. The diesel fuel tank would supply fuel to operate two 200-kilowatt generators to provide power for lighting, pumps, and other electrical needs. No water supply, plumbing or toilet facilities are planned for the site. If necessary, portable facilities will be used to accommodate work personnel.

Day to day operation and maintenance of the airstrip would include snow removal, grading, and storage, operation of infrastructure, cargo and personnel transportation, emergency activities if necessary, and other related activities in support of the proposed mine.

Donlin is proposing to leave the airstrip intact after the mine is closed. Donlin's Development Plan states use of the airstrip would extend beyond construction and operation of the Donlin Gold Project into the foreseeable future and proposes to retain the airstrip as a long-term asset to both the state and Calista Corporation in support of monitoring and water treatment operations at the mine site as part of the post closure requirements for the proposed mine. The building will be removed from the airstrip while the apron, pads, and runway will remain for future use. Donlin or its subcontractors will be responsible for maintaining the airstrip after mine reclamation and closure. Upon lease closure, the State will determine the requirements of reclamation activities of the airstrip.

Prior to construction of the airstrip and related facilities, DMLW would issue an EA for Donlin to access state lands and complete construction, survey, and appraisal of the leasehold prior to lease issuance. The proposed lease will be subject to the terms of DMLW's standard lease document (available for review upon request) and any stipulations based, in part, upon the following considerations and as a result of agency and public comments received.

Development Plan:

The Development Plan attached to this decision (Attachment A) and dated August 2018 is under consideration by DMLW. Should the proposed lease be granted, it is anticipated that the

Development Plan will need to be updated throughout the life of the lease as activities and/or infrastructure are added or subtracted. All updates must be approved, in writing, by DMLW before any construction, deconstruction, replacement of infrastructure, or change in activity will be permitted. DMLW reserves the right to require additional agency review and/or public notice for changes that are deemed by DMLW to be beyond the scope of this decision.

Hazardous Materials and Potential Contaminants:

Per Donlin's Development Plan, hazardous materials and potential contaminants at the proposed leasehold will consist of two 10,000-gallon aboveground tanks for aircraft fuel storage; one tank containing Jet A fuel and the other containing 100 Low Lead aviation fuel. A 5,000-gallon aboveground tank will store diesel fuel for two 200-kilowatt generators used to provide power to the infrastructure at the airstrip. Spill response supplies will be available onsite in sufficient amounts. Solid and oily wastes generated at the site will be reused or recycled, incinerated, or disposed of at the mine's landfill located on private lands. Specific storage locations have not yet been determined.

The use and storage of all hazardous substances must be done in accordance with existing federal, state, and local laws. Debris (including soil) contaminated with used motor oil, solvents, or other chemicals may be classified as a hazardous substance and must be removed from the lease site and disposed of in accordance with state and federal law.

Lease Performance Guaranty (bonding):

In accordance with AS 38.05.035, AS 38.05.860, and 11 AAC 96.060(a) Performance Guaranty, Donlin will be required to submit two performance guaranties for the lease site.

- **\$25,000.00 EA Cash Bond:** This bond will serve as a default to be forfeited, all or in part, if the applicant fails to submit the survey, appraisal, or other documentation necessary for the issuance of the lease by the required due dates.
- **\$150,000.00 Performance Bond:** It is anticipated that this bond amount will be included as a letter of credit or other instrument approved by the Department and covered under one bond submitted to the State for the Donlin applications. This bond will remain in place for the life of the proposed lease. The bond amount is based upon the level of development, amounts of hazardous material and/or substances on site, and the perceived liability to the State. This bond will be used to ensure the applicant's compliance with the terms and conditions of the lease issued for their project. This bond amount will be subject to periodic adjustments and may be adjusted upon approval of any amendments, assignments, reappraisals, changes in the Development Plan, changes in the activities conducted, or changes in the performance of operations conducted on the authorized premises, and as a

result of any violations to one or more of the authorizations associated with this project. DMLW is reserving the right to require a reclamation bond due to noncompliance issues during the term of the lease or near the end of the life of the project.

Insurance:

In accordance with 11 AAC 96.065 Insurance, Donlin will be required to submit proof of liability insurance to DMLW, with the State of Alaska listed as a “NAMED” insured party. Donlin will be responsible for maintaining such insurance throughout the term of the EA and the lease.

Surveys:

In accordance with AS 38.04.045, Donlin must complete an approved Alaska State Land Survey (ASLS) according to the requirements and standards of DMLW's Survey Section prior to lease issuance. The draft survey must be submitted for review to the Survey Section within **two years** of issuance of the survey instructions. If the submitted survey is accepted by DMLW, the measurements identified will be used to accurately calculate the total acreage and location of the leasehold. A survey instruction fee per 11 AAC 05.240 may be applicable.

Entry Authorization:

An entry authorization (EA) is an interim authorization that is issued when a survey and/or appraisal is necessary prior to issuance of the lease. DMLW is proposing to authorize Donlin's entry onto state land through the issuance of an EA while Donlin is completing the construction necessary to complete the survey and appraisal of the leasehold. The proposed EA would be issued for a five-year term that would begin after the effective date of the FFD. The effective date of the EA is the beginning date of the lease term.

DMLW may choose to extend the EA beyond the initial five-year term if Donlin demonstrates it is working toward meeting the EA's requirements. To request an extension, Donlin must submit a written request prior to the expiration date of the EA, that includes information to document Donlin's progress toward obtaining the survey and/or appraisal and certify there have been no changes to the prior approved development plan. The extension of the EA may be subject to applicable fees. DMLW reserves the right to amend the terms of the EA prior to extension.

A Minimum Rent Determination completed by DNR's Appraisal Unit on December 8, 2015, indicated the minimum rental rate will be more than \$28.47 per acre. SCRO is setting the annual fee for the proposed EA at no less than \$67.29 per acre, resulting in an annual fee of **\$29,540.00**. This fee is based on the information provided by the applicant and comparable rents. This fee is subject to revision based on the amount of actual acreage reported on the DMLW approved post-construction ASLS survey. Should the appraisal indicate that the value of the land is greater than anticipated, the shortfall must be remedied by Donlin before the lease will be issued.

Compensation and Appraisal:

In accordance with AS 38.05.840, State-owned land may only be leased if it has been appraised within two years before lease issuance. SCRO has coordinated with DMLW’s Appraisal Unit, and Donlin will be required to provide an appraisal of the lease site before the proposed lease will be issued. Once the appraisal has been approved by DMLW, the annual lease fee will be set at fair market value established by the appraisal, or at \$29,540.00, whichever is greater. Furthermore, in accordance with AS 38.05.105, the proposed EA and lease will be subject to reappraisal and compensation adjustment at five-year intervals after the issuance of the proposed authorization.

Compensation for Material:

Donlin projects that 600,000 cy of will be needed for construction of the airstrip, and Donlin presumes there may be existing material at the airstrip site that is suitable for construction. If Donlin finds there is suitable material available at the airstrip site, then, in accordance with AS 38.05.065, Sale or disposal of materials for special purposes, the department may negotiate the sale or otherwise dispose of the material to Donlin.

Under AS 38.05.565(a)(3), as the holder of the proposed land lease for the airstrip site, and since the materials are “necessary and incidental to the primary purpose of the land lease,” the materials may be sold to Donlin at the representative regional sales price (RRSP) under the terms of the lease. Under this statute, “materials are put to beneficial use in a way that alters the character, usefulness, or availability of the materials in their native forms.”

Under 11 AAC 71.090(c), the current RRSP schedule for rock is \$3.00 per cubic yard and \$1.50 per cubic yard for sand and gravel within the Kuskokwim region. Donlin must submit payment and accounting for material removed or used on site at the end of construction, determined by the pre-condition and post-construction as-built volumetric survey of the site.

If the RRSP changes after this PD or after the FFD, then the new price will apply to the pricing of material. If the RRSP changes during the term of the lease, the new price will apply to the material remaining to be extracted from the airstrip site.

Volumetric Survey:

Donlin is proposing to use “approximately 600,000 cy of cut-to-fill, locally sourced material” for construction of the airstrip. If material is used from the leasehold and is put to beneficial use within the Donlin Gold Project, Donlin will be required to submit a written request to SCRO one year prior to construction. Donlin must also acquire Volumetric Survey Instructions for the airstrip site from DMLW’s Survey Section. Donlin will be required to complete a pre-condition volumetric survey of the leasehold and a post-construction as-built volumetric survey once construction is completed. The pre-condition survey must be submitted for review to and approved by the Survey

Section prior to construction. The post-construction survey will be used to calculate the total volume of material used as per the instructions.

Subleasing:

Subleasing is permissible through AS 38.05.095, if the proposed lease is approved. A sublease is defined as improvements not owned by the lessee that are located within the leasehold on the land or located on structures owned by the lessee. A sublease pertaining to the proposed lease includes but is not limited to, user agreements, license agreements, communication site agreements, or any contracts between the lessee and other commercial entities. All potential subleases must first be approved in writing by DMLW. Depending on the activity of any potential subleases, DMLW is reserving the right to reevaluate the need for further agency review and/or public notice before making a determination on the appropriateness of the proposed sublease. Sublease compensation to the State will be determined by DMLW according to AS 38.05.073(m), under the authority of AS 38.05.075(a) Leasing Procedures. In any case, the sublease fee for commercial activities will not be less than 25% of the annual fee paid to the leaseholder by the sublessee.

Assignment of Lease:

The proposed lease, if issued, may be transferred or assigned only with written approval from DMLW. A lease will not be assigned if the assignee does not meet or comply with statutory, regulatory or other requirements identified by DMLW, or if the assignee is considered not to be in “good standing” with this or any other agency authorization. DMLW reserves the right to amend the terms of the lease prior to assignment.

Lease Renewal:

Upon lease expiration, AS 38.05.070(e) allows the Director to renew a lease upon expiration of the original term. In order to qualify for a renewal, a lessee must be in good standing. Good standing refers to the fact that the lessee’s accounts are current and there are no outstanding compliance issues. The applicant must request a renewal of the lease at least one year prior to lease expiration.

Reclamation:

In accordance with AS 38.05.090(b), all lessees must restore their lease site to a “good and marketable condition” within 120 days after the termination of their leases. What level of reclamation constitutes as being “good and marketable” is at the discretion of SCRO, including total reclamation of the site. Per Donlin’s Reclamation Plan, Donlin would conduct reclamation of the airstrip as follows: revegetation, erosion management, and storm water runoff for areas disturbed during construction; recontouring of airstrip, taxi way and apron to blend with surrounding topography; removal of non-essential equipment and facilities; and monitoring and maintenance of reclaimed areas of the airstrip.

Public Notice of the Preliminary Decision:

Pursuant to AS 38.05.945, this PD will be advertised for 60-day public comment period. Notice will be posted on the Alaska Online Public Notice System at <http://aws.state.ak.us/OnlinePublicNotices/Default.aspx> and the post offices located in Crooked Creek, Red Devil, Sleetmute, Holy Cross, Aniak, and Bethel. Courtesy notices will also be mailed or emailed to neighboring property owners, permit/lease holders, and other interested parties on January 28, 2019 for a 60-day public comment period.

Comment(s) and Competitive Interests:

This PD is subject to both public and agency comments. All comments and competitive interests received by the comment deadline will be considered in the FFD. Only those who comment, and the applicant have the right to appeal the FFD.

During the 60-day Public Notice period, SCRO is soliciting interest under AS 38.05.070(d) to determine if there is interest from other companies in developing the site for a similar purpose. If there is a qualified competing interest, SCRO may proceed with a competitive auction. If no qualified interest is expressed, then SCRO will proceed with a negotiated lease to Donlin.

To be considered a qualified potential bidder expressing competitive interest, a person must express interest in writing before the expiration of this 60-day Public Notice period and submit a complete application with a development plan within the 30 days following the end of the public notice for solicitation of competitive interest.

Written comments on this PD must be received in this office no later than 5:00 PM on March 29, 2019 to be considered.

To submit comments or other project proposals, please choose one of the following methods:

- Postal: Department of Natural Resources
Division of Mining, Land and Water
Southcentral Regional Land Office
ATTN: Donlin Team
550 West 7th Avenue, Suite 900C
Anchorage, AK 99501-3577
- Website: <http://dnr.alaska.gov/mlw/notice/donlin/>
- Email: dnr.scro.donlin@alaska.gov
- Fax: (907) 269-8913

Questions about the proposed airstrip lease portion of this project can be directed to April Parrish at (907) 269-8549.

If public comments result in significant changes to the Preliminary Decision, additional public notice will be given. To be eligible to appeal the Final Finding and Decision, a person must provide written comments during the Preliminary Decision comment period per AS 38.05.035(i)-(m).

Signature page follows:

Recommendation:

DMLW has completed a review of the information provided by the applicant, examined the relevant land management documents, and has found that the proposed lease is consistent with all applicable statutes and regulations. This decision also considers the submitted agency comments. DMLW considered three criteria to determine if the proposed lease provided the best interest to the State and the development of its natural resources. The criteria include direct economic benefit to the State, indirect economic benefit to the State, and encouragement of the development of the State's resources. Collection of the one-time filing fee and any annual rent and/or fees represent the direct economic benefit to the State. Indirect economic benefits provided by the proposed authorization include creation of jobs and increased activity in the local communities. Moreover, this authorization is in the State's best interest as it furthers development of natural resources and supports increased economic activity regionally and statewide. It is recommended that DMLW issue a 30-year lease to Donlin for the construction, use, operation, maintenance, survey, and appraisal of a private airstrip and associated facilities in support of the proposed Donlin Gold Project.

April Parrish 1-24-19
April Parrish, Natural Resource Specialist II Date

Preliminary Decision:

It is the determination of DMLW that it may be in the State's best interest to issue a lease under AS 38.05.070(c) and AS 38.05.070(d) for 30 years to Donlin, as described above. DMLW will issue an EA for a term of five years prior to lease issuance to allow for a survey and appraisal to be completed. The lease annual fee will be calculated upon DMLW's approval of a final survey and appraisal. The EA annual fee will be no less than \$29,540.00. Donlin will be required to submit a \$25,000.00 EA cash bond, and a performance bond of \$150,000.00. Additionally, Donlin will be required to complete a volumetric survey if material at the site is to be used for construction. Donlin will also be required to submit proof of insurance to DMLW, with the State of Alaska listed as a "NAMED" insured party. This application shall now proceed to public notice.

Clark Cox 1/24/19
Clark Cox, Regional Manager Date
Southcentral Regional Land Office, Division of Mining, Land and Water

Attachments

- Attachment A – Development Plan
- Attachment B – Location Map



**Attachment A
Development Plan**

**PLAN OF DEVELOPMENT
PERMANENT AIRSTRIP
Donlin Gold Project**

August 2018



4720 Business Park Blvd. Suite G-25
Anchorage, Alaska 99503

Prepared By:

SRK Consulting (U.S.), Inc.
11901 Business Blvd., Suite 110
Eagle River, Alaska 99577

Attachment A Development Plan

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ACRONYMS

Calista	Calista Corporation
FAA	Federal Aviation Administration
IFR	Instrument Flying Rules
LL	Low Lead
SPCC	Spill Prevention Contingency and Countermeasures Plan
USDOT	U.S. Department of Transportation

UNITS OF MEASURE

C°	Celsius
F°	Fahrenheit
amsl	above mean sea level
ft.	foot/feet
gal	gallon
ha	acre
hp	horsepower
kg	kilograms
km	kilometers
kW	kilowatt
L	liter
lb.	pound
m	meter
m ³	cubic meter
mm	millimeters
yd ³	cubic yards

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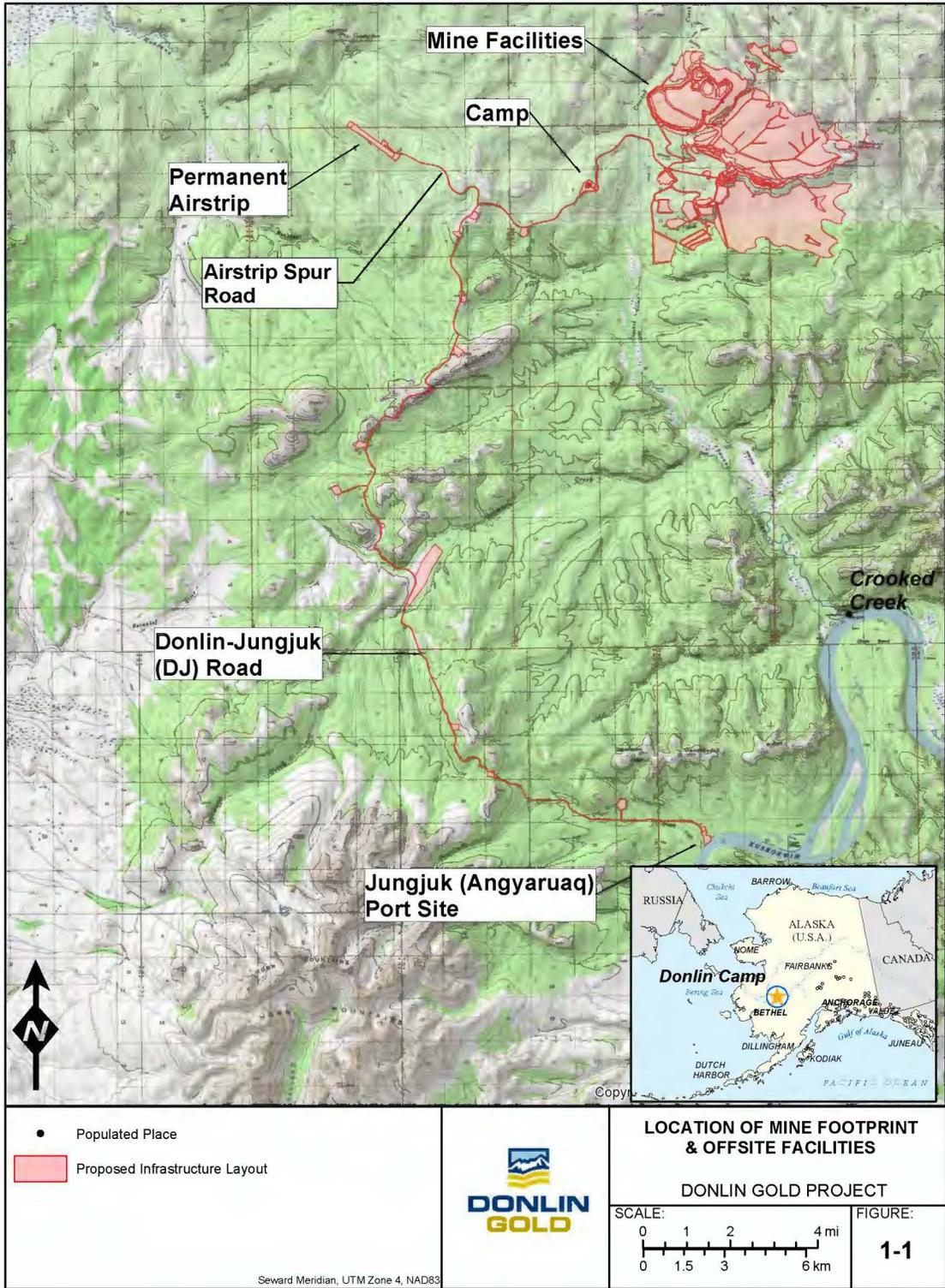
1.0 INTRODUCTION

The proposed Donlin Gold project is approximately 277 miles (446 km) west of Anchorage, 145 miles (233 km) northeast of Bethel, and 10 miles (16 km) north of the village of Crook Creek (Figure 1-1). Bethel, 73 river miles (117 km) upstream from the mouth of the Kuskokwim River on the Bering Sea, is the regional center for the Yukon-Kuskokwim region of Alaska. Bethel is 177 river miles (285 km) southwest of the proposed Jungjuk (Angyaruaq) Port site. The city of Aniak, also on the Kuskokwim River, approximately 57 river miles (92 km) southwest of the proposed Jungjuk Port site, is the regional center for the middle Kuskokwim Valley.

Currently there is no road or rail access to the site, and all personnel and supplies are transported by air to an existing airstrip. The project is completely isolated from existing power distribution networks and other public utility infrastructure.

The current airstrip is located adjacent to the current camp on the ridge south of American Creek. The eastern portion of the area occupied by this airstrip is planned for the placement of the plant/mill facilities for the mine. The remaining area eventually would be overtaken by the open pit. For this reason, a new airstrip would be needed to support the air transportation needs of the project.

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2.0 PROJECT DESCRIPTION

Donlin Gold is proposing to construct and operate a new airstrip facility located approximately 8 miles (12.8 km) by road west of the proposed Donlin Gold mine site. The new facility would be equipped with an approximately 5,000 ft. (1,524 m) long by 200 ft. (61 m) wide runway constructed of gravel fill. The proposed airstrip (Permanent Airstrip) would be operated year-round in support of construction activities, ongoing mining operations, and reclamation and closure. The Permanent Airstrip would be operated as a private airstrip to support the mine transportation and safety needs.

The location of the Permanent Airstrip in relation to the mine site and Jungjuk Port is shown in Figure 1-1.

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3.0 SITE DESCRIPTION

The proposed Permanent Airstrip shown in Figure 3-1 would include the runway, taxiway, apron, safety areas, blast pad, ditching, security fence and gate, and a multi-purpose building. Two aircraft fuel storage tanks would be provided at the Permanent Airstrip. A small diesel tank would store fuel for generators used to provide power to the facilities. Details and specific locations would be determined during final engineering design.

3.1 Land Status

The proposed Permanent Airstrip is located within T22N R50W Sections 3 and 4 and T23N R50W Section 33, Seward Meridian. A land status map of the area is shown in Figure 3-2. The proposed Permanent Airstrip would be constructed on State of Alaska and Calista Corporation (Calista) lands. The proposed Permanent Airstrip Lease Area on State of Alaska land is approximately 439 acres (178 ha) (Figure 3-2). Donlin Gold has entered into an agreement with Calista for the additional approximately 131 acres (53 ha). Third party interests on State of Alaska land includes mining claims owned by Donlin Gold (Table 3-1).

Table 3-1: Mining Claims within the Proposed Lease Area

Claim Name and Number	Legal Description	ADL No
Eagle 3	S022N050W 4 NW	ADL 666832
Eagle 4	S022N050W 4 NE	ADL 666833
Eagle 5	S022N050W 3 NW	ADL 666834
Eagle 6	S022N050W 3 NE	ADL 666835
Eagle 12	S022N050W 4 SE	ADL 666841
Eagle 13	S022N050W 3 SW	ADL 666842
Eagle 14	S022N050W 3 SE	ADL 666843

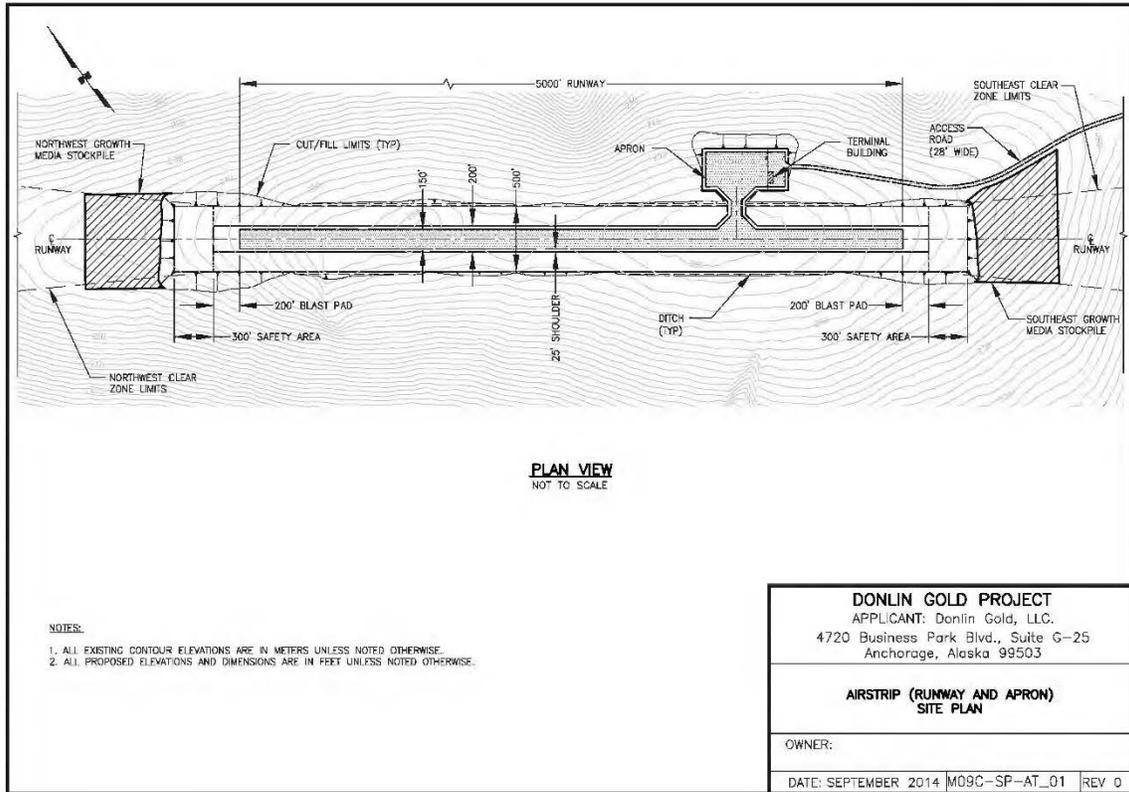
3.2 Terrain / Ground Cover

The Permanent Airstrip is located along a ridge crest between elevations 787 and 853 ft. (240 and 260 m) above mean sea level (amsl) (RECON 2013). The topography at the Permanent Airstrip site is shown on Figure 3-1. The site is sparsely vegetated with low brush and scrub black spruce. Typical ground conditions are generalized as a veneer of loess overlying regolith grading to sedimentary rock associated with the Kuskokwim Group. The total footprint of the runway and apron is approximately 89 acres (36 ha) with another estimated 22 acres (9 ha) for the northwest and southwest clear zones.

3.3 Access

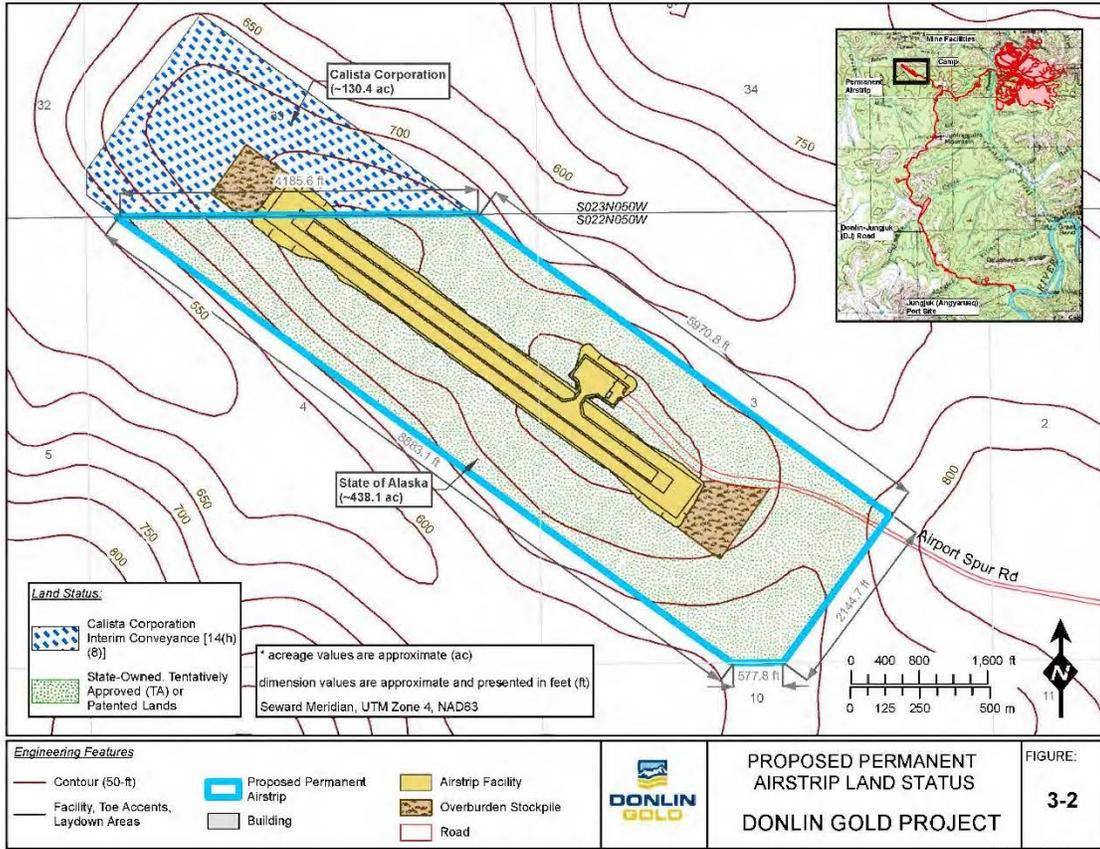
Donlin Gold proposes to construct the Donlin-Jungjuk Road from the Jungjuk Port to the mine site with a connecting Airstrip Spur Road to the Permanent Airstrip (refer to Figure 1-1). The Airstrip Spur Road would begin at mile 5.4 (8.7 km) of the Donlin-Jungjuk road. The proposed 3.0 mile (4.8 km) long Airstrip Spur Road, approximately 22.2 miles (35.7 km) from the Jungjuk Port facility and approximately 3.4 miles (5.5 km) from the mine camp site, would serve as access to the Permanent Airstrip. The roads would be for the exclusive use of mine support traffic.

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4.0 PERMANENT AIRSTRIP AND FACILITIES

4.1 Buildings and Other Structures

A multi-purpose building would be located on the apron with access from the Airstrip Spur Road. Potential uses for this building include, but are not limited to, cargo and airport support equipment storage.

4.2 Parking Areas and Storage Areas

Vehicle parking as well as limited storage would be provided at the Permanent Airstrip on the apron and in the multi-purpose facility.

4.3 Design and Runway Orientation

The airstrip design (AMEC 2011 and *Donlin Creek Project Description, SRK 2016*) is based on U.S. Department of Transportation (USDOT), Federal Aviation Administration (FAA) standards. The specified typical aircraft are the DHC Dash 8 and the Hercules C-130. The design was governed by the more expansive needs of the Hercules C-130. A gravel runway is suitable for both types of aircraft. A single airstrip was considered sufficient to accommodate the predominant wind directions.

Other design criteria:

- airport service type – private and business, non-scheduled
- maximum temperature of the hottest month: 85°F (29.4°C)
- airport elevation nominally 1,820 ft. (250 m) above mean sea level
- meet all aviation regulations and permit requirements
- support long-term development and mine operations at the site
- location close to existing infrastructure and access roads to minimize costs, particularly for power and water supplies
- as far as practicable, minimize areas of disturbance
- as far as practicable, minimize construction requirements
- avoid flight paths over existing accommodation, camp areas, and structures, if possible
- alignment parallel with the prevailing winds.

4.3.1 Runway Orientation and Design

Runway orientation and geometric design are generally in accordance with the guidelines presented in the USDOT FAA airport design advisory circular No. 150/5300-13. This document provides guidance on the assembly and analysis of wind data to determine runway orientation. The runway site is along a ridge that aligns with the prevailing winds blowing from the southeast. The geometric design parameters for the runway are summarized in Table 4-1.

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Table 4-1: Runway Geometric Design

Criterion	Unit	Hercules C-130 (L382G)
Runway length	ft (m)	5,000 (1,524)
Runway width	ft (m)	150 (45)
Runway safety area width	ft (m)	500 (152)
Runway safety area length	ft (m)	295 (90)
Runway shoulder width	ft (m)	25 (7.6)
Apron area	ft (m)	328 x 230 (100 x 70)
Maximum longitudinal slope	%	1
Maximum transverse slope	%	1.5
Taxiway width	ft (m)	75 (23)
Taxiway shoulder width	ft (m)	25 (7.5)

4.3.2 Apron Design

The total footprint of the airstrip (runway and apron) is approximately 89 acres (36 ha). The preliminary design for the apron includes 12 inches (300 mm) of granular base (6% to 8% minus 8 inches or 200 mm) over 12 inches (300 mm) of classified material: crushed rock or gravel with less than 55% passing the 200 sieves. The general design of the apron is shown in Figure 3-1. A final design would be completed during detailed engineering.

4.3.3 Site Preparation

Site preparation would require a total of approximately 600,000 yd³ (460,000 m³) of cut-to-fill. It has been assumed that the surface rock would be rippable, which would be verified during final engineering design.

4.3.4 Mobile Equipment

The following is a sample list of mobile equipment typically required for airstrip operations.

Construction & Maintenance Mobile Equipment

- Dozers (Type CAT D6, D8 or D10)
- Excavators (Type CAT 320, 330, 345, 385)
- Trucks (Type CAT 740)
- Graders (Type CAT 14H)
- Compactors (Type CAT CS563, 815, 825, 563)
- Cranes (Type Manitowoc 150 – 600 tons)
- Water Trucks (Type CAT 725)
- Loaders (Type CAT 950, 963, 992, 980, 963, 988H, IT28)
- Compressors (Type 150 – 1000 CFM)
- Diesel pumps (Type 50 – 200 HP)
- Electrical pumps (Type 50 – 250 HP)
- Generators & Lighting Equipment (Type 6 kW to 1500 kW)
- Light trucks (Type Ford 150, 250, 350)

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Airport Operations Equipment

- Water Trucks (Type CAT 725)
- Graders (Type CAT 14H)
- Compactors (Type CAT CS563, B15, 825, 563)
- Refueling tracks
- Personnel Bus
- Light trucks (Type Ford 150, 250, 350)
- Fixed wing Aircraft (Type DHC Dash 8, Hercules C-130, other)
- Rotary wing Aircraft (Type MD500, R44, A-Star, other)

4.3.5 Fuel and Storage/ Hazardous Substances

Two approximately 10,000-gal (38,000 L) aboveground fuel storage tanks, one containing Jet “A” fuel and the other 100 LL (low lead) aviation gasoline would be provided at the airstrip apron. An approximately 5,000-gal (18,900 L) diesel tank would store fuel for two 200 kW generators (one primary, one standby) to provide power to the facility.

Facilities and management practices would be designed and implemented as required to meet or exceed applicable Federal, State, and fire code requirements. Fire extinguishers and spill response supplies would be available in sufficient amounts at practical locations. The standard operating procedures for handling fuel transfers, inspections, training requirements, and spill response practices, would be documented in the required Spill Prevention Contingency and Countermeasures Plan (SPCC).

Hazardous materials may be transported by aircraft to and from the proposed Donlin Gold Project. Shipments of hazardous waste or other hazardous materials would be manifested, packaged, labeled, and handled according to the applicable legislation and regulations. Personnel handling these shipments would be trained in accordance with the applicable specifications and regulations. Specific storage locations and requirements would be determined during final engineering design.

Movement of reagents and other hazardous goods from the Permanent Airstrip to the mine site would conform to regulatory requirements and approved spill and response plans.

4.4 Site Utilities

4.4.1 Power Source

Electrical power for lighting, to run pumps and other needs at the Permanent Airstrip would be provided by a 200-kW diesel generator. A second 200 kW generator would be used as a standby generator. These generators would be fueled with ultra-low sulfur diesel fuel.

4.4.2 Water Supply (water supply and wastewater disposal method)

Water supply, other than provided by mobile equipment for dust control practices, is not proposed. No permanent sanitary facilities are proposed to be located onsite however; portable facilities may be used at the site to accommodate work personnel.

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Permanent Airstrip and Facilities

4.4.3 Waste Types, Waste Sources, and Disposal Methods

Solid waste from the permanent airstrip would include a combination of non-municipal solid waste (such as plastics, cardboard or wood from packing materials) and, municipal solid waste type. The facility would also generate oily waste. Waste would be segregated and hauled to the mine facilities where it would be reused or recycled (on site or offsite), incinerated, or disposed at the mine site regulated solid waste landfill.

All waste generated at the Permanent Airstrip would be handled consistent with applicable Federal and State regulations, and best management practices documented in the *Donlin Gold Project, Integrated Waste Management Plan*, SRK 2016.

4.4.4 Communications/Navigational Aids

Communications between the Permanent Airstrip and other Donlin Gold facilities would be consistent with the Donlin Gold communications system for the project.

The Permanent Airstrip would be equipped with Instrument Flying Rules (IFR) approach. Additional communications, weather observation equipment, and navigational aids would be installed and operated at the Permanent Airstrip consistent with regulatory requirements.

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5.0 GOVERNMENT AGENCY INVOLVEMENT

Authorization for construction and operation of the Permanent Airstrip would involve the following state and federal agencies as well as authorization from Calista.

- Alaska Department of Natural Resources (ADNR)
- Alaska Department of Environmental Conservation (ADEC)
- U.S. Army Corps of Engineers (USACE)
- Federal Aviation Administration (FAA)

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PoD – Mine Airstrip
Donlin Gold Project

Construction

6.0 CONSTRUCTION

Early completion of the Permanent Airstrip is essential to the overall Donlin Gold project schedule as both mine and pipeline construction activities (Donlin Gold Project, Plan of Development, *Natural Gas Pipeline, Revision 1*, SRK 2017) are dependent on supplies, materials, equipment and personnel being transported to the Donlin Gold Project for construction purposes and later for operational purposes.

Construction of the Permanent Airstrip including facilities is anticipated to begin very early in the project life, as this facility would be required to support mine construction.

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Donlin Gold Project

As-Built Survey

7.0 AS-BUILT SURVEY

Following completion of construction an as-built survey of the Permanent Airstrip and associated facilities locations would be completed. Donlin Gold understands that a performance bond may be required to ensure completion of the survey.

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8.0 RECLAMATION AND CLOSURE PLAN

Donlin Gold proposes that the Permanent Airstrip would remain as a long-term asset to the land owner and would also be maintained to support ongoing post-closure and water treatment activities at the reclaimed mine. Non-essential facilities would be removed, and the portions of the airstrip area not needed for these post-closure activities would be reclaimed.

Refer to *Donlin Gold Project, Permanent Airstrip Reclamation Plan*, SRK 2018 for more information.

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9.0 OPERATION AND MAINTENANCE

The Permanent Airstrip would be operated and maintained as part of the proposed Donlin Gold Project as an off-site facility to the mine. This would include snow removal and storage, runway, equipment, and facilities operation and maintenance, cargo loading and unloading, personnel transfer, emergencies, and ongoing site monitoring.

Project personnel would be assigned to assist in the loading and unloading of aircraft and operation and maintenance of the facilities as needed based on aircraft schedules and operation and maintenance requirements.

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10.0 REFERENCES

Much of the information used in the preparation of this Plan of Development was derived from the following Donlin Gold source documents:

AMEC Americas Limited. Donlin Creek LLC, Donlin Creek Gold Project, *Feasibility Study Update 2*. October 2011

RECON. Donlin Gold *Offsite Infrastructure Supplementary Geotech Technical Memorandum*. December 2013

SRK Consulting. Donlin Gold Plan of Operation, *Project Description*. July 2016

SRK Consulting. Donlin Gold Plan of Operation, *Reclamation and Closure Plan*. July 2017. Draft.

SRK Consulting. Donlin Gold Plan of Operation, *Integrated Waste Management Plan*. December 2016

SRK Consulting. Donlin Gold Plan of Development, *Natural Gas Pipeline Revision 1*. December 2017

SRK Consulting. Donlin Gold Project, *Donlin-Jungjuk Road and Airstrip Spur Road Plan of Development*, August 2018

SRK Consulting. Donlin Gold Project, *Donlin-Jungjuk Road and Airstrip Spur Road Reclamation Plan*, August 2018

