

STATE OF ALASKA

FRANK H. MURKOWSKI, GOVERNOR

DEPARTMENT OF NATURAL RESOURCES

DIVISION OF MINING, LAND & WATER

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May 6, 2005

**Re: Final Finding and Decision, Cascade Point Tideland Lease, ADL 107152
Goldbelt, Inc.; Kensington Mine Project**

To Whom It May Concern:

The Division of Mining, Land and Water (DMLW) has made a Final Finding and Decision for the Cascade Point Tideland Lease (ADL 107152) to Goldbelt, Inc in association with the Kensington Mine Project; see attached.

The *Response to Comment Document on State of Alaska Authorizations for the Kensington Mine Project* and other finding and decisions, permits and certifications related to the Kensington Mine Project are available at <http://www.dnr.state.ak.us/mlw/mining/largemine/kensington/>.

A person affected by this decision who provided timely written comment or public hearing testimony on this decision may appeal it, in accordance with 11 AAC 02. Any appeal must be received by **May 26, 2005** and may be mailed or delivered to Tom Irwin, Commissioner, Department of Natural Resources, 550 W. 7th Avenue, Suite 1400, Anchorage, Alaska 99501-3561; faxed to 1-907-269-8918; or sent by electronic mail to dnr_appeals@dnr.state.ak.us. If no appeal is filed by that date, this decision goes into effect as a final order and decision on June 6, 2005. An eligible person must first appeal this decision in accordance with 11 AAC 02 before appealing this decision to Superior Court. A copy of 11 AAC 02 may be obtained from any regional information office of the Department of Natural Resources.

If you have any questions or require assistance, please call me at (907) 465-3442, or e-mail brady_scott@dnr.state.ak.us.

Sincerely,

/s/ *Brady Scott*

Brady Scott,
Natural Resource Specialist

Enclosure: Final Finding and Decision, ADL107152

Goldbelt, Inc.
ADL 107152
FINAL FINDING AND DECISION
AS 38.05.035(e)

Summary of Public Comment:

- No public comments received.
- Public comments received, see document entitled: *Response to Comments on State of Alaska Authorizations for the Kensington Mine Project*, dated May 6, 2005

Modifications to Decision:

- Decision is not modified.
- Decision is modified as specified in Attachment 1.

Approval:

The finding presented above has been reviewed and considered. The casefile has been found to be complete and the requirements of all applicable statutes have been satisfied. It is the finding of the Regional Manager that it is in the best interest of the State to proceed with this conveyance under the authority of AS 38.05.

- AFFIRMED AS PROPOSED.
- MODIFIED AND AFFIRMED.



Ed Collazzi
Southeast Regional Manager

May 6, 2005

Date

A person affected by this decision who provided timely written comment or public hearing testimony on this decision may appeal it, in accordance with 11 AAC 02. Any appeal must be received by **May 26, 2005** and may be mailed or delivered to Tom Irwin, Commissioner, Department of Natural Resources, 550 W. 7th Avenue, Suite 1400, Anchorage, Alaska 99501-3561; faxed to 1-907-269-8918; or sent by electronic mail to dnr_appeals@dnr.state.ak.us. If no appeal is filed by that date, this decision goes into effect as a final order and decision on **June 6, 2005**. An eligible person must first appeal this decision in accordance with 11 AAC 02 before appealing this decision to Superior Court. A copy of 11 AAC 02 may be obtained from any regional information office of the Department of Natural Resources.

Attachments

Attachment 1	Summary of modifications to decision
Attachment 2	Changes to Development Plan
Attachment 3	Appeal references

Final Finding and Decision
ADL 107152
Attachment #1
Summary of Modifications to Decision

The Finding and Decision for the Goldbelt, Inc. proposed tideland lease, ADL 107152, is hereby modified to include the following items:

Section I. Proposed Action, is modified as follows:

The original proposed development plan (Attachment A of the preliminary decision) is revised to incorporate a change to the fueling operations, as described in Attachment 2.

Section XI. Environmental Risk, is modified as follows:

Instead of above ground storage tanks the fueling facilities will consist of a fixed fuel transfer line, as described in Attachment 2. Extending from a fuel header located on the uplands outside of the tideland lease areas, a small diameter fuel pipeline will run along the approach dock and gangway, and onto the float dock ending at a hose reel. The fuel header and hose reel will be enclosed in a protective housing designed to capture small spills. Fuel will be brought to the site by means of fuel truck which will connect to the fuel header during weekly fueling operations. Fueling will be conducted according to standard operating procedures and best management practices.

Section XII, Survey, and item 4 of Section XVI, Recommendations, are modified as follows:

The applicant is required to survey the mean high water line, locate monumentation, and submit plat work according to DMLW instructions. An early entry permit authorizing entry onto State tide and submerged lands for construction and operation shall not be allowed until the necessary survey requirements are approved by DMLW.

Section XIII. Performance Guaranties and Insurance, is modified as follows:

Full dismantling and removal of the fill associated with the rubble mound breakwater, and re-filling of the dredged area to match the pre-dredged bathymetry, shall be required upon expiration or termination of the lease, unless at that time it is determined due to naturalization and habitat growth that it would be more detrimental to the environment to remove or replace all or a portion of the fill or dredged materials. The performance guarantee (bond) amount shall reflect the costs for full reclamation of the site.

Section XVI. Recommendations, is modified to include additional conditions as follows:

11. In-water construction from March 15 through June 30 is prohibited. The use of vibratory hammers is recommended whenever practicable.

12. No blasting shall occur on the leased premises during any period when in-water construction activities are prohibited or at any time when Steller sea lions or humpback whales are present within a 1000-foot radius. In-water construction activities will be suspended when humpback whales or Steller sea lions are within 1,000 feet, as determined from on-site monitoring by a National Marine Fisheries Service approved marine mammal biologist.

13. Vessel operations from the Cascade Point terminal will be suspended when the Alaska Department of Fish and Game (ADFG) notifies the owner and/or operator that aerial surveys document that herring are spawning within 500 meters north of the breakwater. The distance will be clearly marked on the shoreline. Operations shall remain suspended until ADFG notifies the owner and/or operator that spawning is complete (typically 3-5 days).

14. In the event that herring deposit eggs within 500 meters of the Cascade Point marine terminal facility, fueling operations at the terminal shall remain suspended until the eggs have hatched, as determined by ADFG.

15. The lessee shall perform activities and abide by the conditions included in the *Marine Monitoring Plan*, to be approved in writing by DMLW, or in compliance with any subsequent plan revision approved in writing by DMLW, or its successor agency. Enforcement of this condition will reside with DMLW with technical input from the Office of Project Management and Permitting, Large Mine Project Team, and/or the Office of Habitat Management and Permitting, or their successors. This condition applies whether or not the facility is utilized for the Kensington Mine Project.

16. The lessee shall perform activities and abide by the conditions included in the *Berners Bay Transportation Plan and Mitigation and Best Management Practices Plan*, to be approved in writing by DMLW, or in compliance with any subsequent plan revision approved in writing by DMLW, or its successor agency. Enforcement of this condition will reside with DMLW with technical input from the Office of Project Management and Permitting, Large Mine Project Team, and/or the Office of Habitat Management and Permitting, or their successors. This condition applies whether or not the facility is utilized for the Kensington Mine Project.

17. Uses not described in the approved *Plan of Operation and Development* are not authorized. If other uses are proposed in the future, the lessee must submit a request for an amendment for approval by the lessor prior to authorization. DMLW reserves the right to amend this decision if substantial development, as described in the approved *Plan of Operation and Development*, does not occur within five years of the effective date of this decision.

All other conditions of the Finding and Decision, ADL 107152, are unchanged.

Attachment 2



9097 Glacier Hwy, Suite 200, Juneau, Alaska 99801 (907) 790-4990 Fax (907) 790-4999

September 22, 2004

Peter Freer
City and Borough of Juneau
Community Development Department
155 S. Seward Street
Juneau, Alaska 99801

Re: Cascade Point Marine Terminal
Fuel Transfer Operations

Dear Peter,

This letter addresses the specific topic of fuel transfer activity at the proposed Goldbelt marine terminal facility at Cascade Point. The topic is effectively discussed in a format that explains the fuel transfer operation in terms of a general description, its physical design, a list of standard operating procedures and best management practices.

General Description

It is already known that Goldbelt intends to operate its own vessels from the new dock. It is also known that in the immediate future, we intend to operate a ferry shuttle service to a dock at Slate Creek Cove. The shuttle service will operate year-round at a frequency of 3 to 5 trips per day. The appropriate vessel for this service is in the 75-foot range, a practical passenger capacity of up to 85 people, a cruising speed of about 18 knots, and a fuel capacity of around 1,600 gallons.

The above-described vessel would need to take on diesel fuel no more than once per week. I have included a worksheet to show how I reached this conclusion. The numbers used are based on real data from actual vessel operations. We believe the ferry shuttle run will generate very similar results and routinely consume less than the vessel's fuel tank capacity per week.

Another important fact to highlight is that we are not proposing an upland fuel storage tank facility. Instead, a fuel truck, which has ample capacity to meet the weekly need, will arrive on site and transfer fuel to the boat via a fixed, small diameter fuel line. Goldbelt has been conducting a similar operation at its Seadrome Marine Terminal facility in downtown Juneau for the past eight years. However, at that location we fuel boats daily with quantities ranging from 400 to several thousand gallons from early May through September. The Cascade Point dock fuel line and its operation are described in detail in the following sections.

Physical Design of Fuel Transfer Line

The physical design of the fuel transfer line is simple and straightforward. In fact, it is the lack of complexity that reduces the chance for human error or system malfunction. I will describe the design starting with the upland fuel header and ending with the fuel nozzle on the dock.

Upland fuel header. The upland fuel header will be located at edge of the parking lot area. It is basically just one end of a steel pipeline with a metal fitting allowing the temporary connection of a hose from a fuel truck. The header will be located within a permanent structure secured by a locked door. The structure not only provides for enhanced security, but also effective protection from the weather. In addition, it will be built on a concrete pad to provide a non-permeable surface to catch any fuel drippings. It should be noted that a drip bucket is fixed under the hose/pipe connection.

Fuel pipeline. A small diameter steel pipe will run from the header to the approach dock. It will be located above ground and away from any possibility of damage from vehicle traffic. The pipe will be mounted to the edge of the approach dock until reaching the gangway. A flexible hose connection will connect the pipe to an identical pipe section mounted on the gangway. Another flexible hose connection will join the gangway pipe to a pipe along a protected edge of the float dock.

Hose Reel. At approximately mid-dock the fuel pipe connects to a hose reel. The reel is enclosed in a protective housing for security and weather protection purposes. The housing will be secured to a metal pan to capture any possible fuel drippings. At the end of the fuel hose is the nozzle. At this point the secure fuel transfer connection between the fuel truck and the boat is complete.

The above-described fuel line system will be constructed by a contractor certified to do such work.

Standard Operating Procedures

The actual fuel transfer activity will be conducted under a standard operating procedure (SOP). Like the fuel transfer system itself, the transfer activity is simple and straightforward. And again, the simplicity of the fuel transfer activity reduces the chance for human error. The list of SOP's is as follows:

1. The fuel truck driver will connect the truck hose to the header. The driver will control and visually monitor the fuel transfer process at this location. Extra care will be taken to minimize any fuel dripping at the header connection.
2. The vessel engineer will do the actual fueling of the boat. The engineer will control and visually monitor the fuel hose nozzle during the transfer process.

Extra care will be taken to prevent fuel dripping at the nozzle location. The engineer will inform the fuel truck driver of the number of gallons to be transferred prior to starting.

3. The marine facility manager will manage the overall fuel transfer process. It will be the manager's job to ensure that all SOP's are being followed.
4. The truck driver, vessel engineer, and the marine facility manager will be in constant radio contact throughout the fuel transfer process.

Best Management Practices

A properly designed, constructed, and operated fuel transfer process will prevent fuel spills. The inclusion of best management practices (BMP's) will round out the process by addressing proper training for fuel handling and spill response. The BMP's for fuel transfer at the Cascade Point Marine Terminal are as follows:

1. All persons involved in the fuel transfer operation will be trained to follow the SOP's and in the consistent use of BMP's.
2. A spill response plan will be developed for the marine terminal facility and all personnel will be trained accordingly.
3. Appropriate spill response equipment including various absorbent materials will be placed at the header and hose reel locations. The materials will be within easy reach in case of any spills. All used materials will be properly disposed of and replaced immediately.
4. A drip bucket will be hung below the fuel header connection. The bucket and the concrete pad will be kept in a clean condition.
5. An absorbent pad will be placed against the fuel nozzle while fueling and a drip bucket placed below the vent to catch any possible overflow.
6. The system will be inspected by the facility manager prior to each fuel transfer operation. In addition, the transfer system will be formally inspected and pressure tested on an annual basis. All needed maintenance and repair needs will be taken care of immediately in order to ensure continued trouble-free operation.

Summary

Goldbelt fully understands the sensitivity of fuel transfer operations from its new dock at Cascade Point. We will build it right, operate it responsibly, and maintain it properly.

Peter Freer
September 22, 2004
Page 4

Our eight years of experience at the Seadrome Marine Terminal provides valuable experience in conducting an environmentally responsible fuel transfer procedure.

The above-described fuel transfer operation with its site-specific design, SOP's, and BMP's, will not affect the marine environment at Cascade Point. Even in the unlikely event of a small spill event, we can respond immediately to effectively contain and clean up the diesel fuel. Through careful fuel handling practices and the effective use of absorbent materials, even the potential for very small, chronic spilling can be successfully prevented.

Sincerely,
GOLDBELT, INC.

David Goade
Executive Vice President

Finding and Decision
ADL 107152
Attachment # 3
Appeal References

AS 38.05.035

(i) A person who is eligible to file an administrative appeal or a request for reconsideration, as appropriate, under this subsection and who is aggrieved by the final written finding of the director entered under (e)(5) or (6) of this section may, within 20 days after the issuance of the final written finding, file an administrative appeal or request reconsideration of the decision by the commissioner. A person is eligible to file an administrative appeal or a request for reconsideration if the person

(1) meaningfully participated in the process set out in this chapter for receipt of public comment by

(A) submitting written comment during the period for receipt of public comment;
or

(B) presenting oral testimony at a public hearing, if a public hearing was held;
and

(2) is affected by the final written finding.

(j) An administrative appeal or a request for reconsideration submitted under (I) of this section must specify the written finding complained of and the specific basis upon which it is challenged. The commissioner shall grant or deny the administrative appeal or reconsideration request within 30 days after issuance of the final written finding. Failure of the commissioner to act on the request for reconsideration within this period is a denial of the request for reconsideration and a final administrative decision for purposes of appeal to the superior court.

11 AAC 02.030. FILING AN APPEAL

(a) An appeal under this chapter must

- (1) be in writing;
- (2) be signed by the appellant or the appellant's attorney;
- (3) be timely filed in accordance with 11 AAC 02.040;
- (4) specify the case reference number used by the department, if any;
- (5) specify the decision being appealed;
- (6) specify the remedy requested by the appellant and the grounds on which the request is based;
- (7) state the address to which any notice or decision concerning the appeal is to be mailed;
- (8) identify any other affected agreement, contract, lease, permit, or application by case reference number, if any;
- (9) include a request for a hearing, if a hearing is desired, accompanied by a request for any special procedures to be used at the hearing and a description of the factual issues that need to be decided at the hearing.