

**FINAL FINDING AND DECISION
COMPETITIVE LAND LEASE
AS 38.05.035(e)**

ADL 416953

Teck-Pogo, Inc.
Maintenance/Staging Facility

Proposed Action

Teck-Pogo, Inc. (Teck-Pogo) is requesting to lease for fifteen years a 6.7 acre parcel of state land located in the Shaw Creek Valley approximately 25 miles northwest of Delta Junction. The parcel will be used for a maintenance and staging facility for the proposed Pogo Gold Mine. The Department of Natural Resources (DNR) has determined that it is in the best interests of the State to offer this parcel for competitive auction for a long-term lease.

In the original Preliminary Finding and Decision for this action, two alternative parcels were proposed for competitive auction (Parcel A and Parcel B). Based on public comments and additional analysis by Teck-Pogo, a third parcel was proposed for this purpose, and was included in an Amended Preliminary Decision. This parcel is located between the Old Richardson Highway and the new Richardson Highway approximately ¼ to ½ mile east of Shaw Creek.

The Department of Natural Resources (DNR) has determined that it is in the best interests of the State to offer Parcel C for long-term lease.

Scope of Review and Proposed Finding

The Final Finding and Decision will provide approval of a competitive auction under AS 38.05.070 and AS 38.05.075 to lease this parcel of state land for the purpose of providing a maintenance and staging facility for the proposed Pogo Gold Mine. The scope is the reasonably foreseeable, significant effects resulting from the use of this parcel for a maintenance and staging facility for the Pogo Gold Mine. The scope is limited to the statutes, regulations, facts, and issues contained in the casefile for ADL 416953, that are material to the determination of whether this lease is in the best interests of the state.

Authority

The authority to issue a competitive lease resides in AS 38.05.070 and AS 38.05.075. As this is a disposal of interest, a state's best interest finding is required under AS 38.05.035(e). This lease requires public notice under AS 38.05.945.

Administrative Record

The casefile for ADL 416953, the Tanana Basin Area Plan (TBAP), and the Pogo Project files comprise the administrative record for this request. DNR's Final Decision to offer this competitive lease for the Pogo Project is based upon a complete review of this record including the Right-of-Way Application for the Pogo Project (June 2002), Reclamation and Closure Plan for the Pogo Project (December 2002, updated October 2003), Pogo Project Plan of Operations (February 2002, updated November 2002 and October 2003), Pogo Project Environmental Baseline Characterization Documents (December 2000, as updated) and the Final Environmental Impact Statement for the Pogo Gold Mine Project (September 2003) and all the associated public comment and other supporting documents.

Location

Geographic and Legal Description:

Parcel A is located in the vicinity of Shaw Creek Road, approximately 25 miles northwest of Delta Junction (See Attachment 1).

The parcel is located on the proposed Shaw Creek Hillside All-Season Road to the Pogo Mine. The parcel is approximately two miles north from the access road's terminus at the Shaw Creek Road, just to the west of the access road's intersection with the Trans Alaska Pipeline. The parcel is located in Section 15, Township 7S 8E, Fairbanks Meridian (See Attachments 2 and 3). This parcel coincides with Material Site #3 of Teck-Pogo's Right-of-Way Application.

Parcel B is located just south of the Richardson Highway, approximately 1 mile east of the highway's intersection with Shaw Creek Road. The parcel is located in Section 1, Township 8S 8E, Fairbanks Meridian (See Attachments 2 and 4). This parcel coincides with Material Site #2 of Teck-Pogo's Right-of-Way Application.

Parcel C is situated in the triangle formed by the Richardson Highway, Old Richardson Highway and the Alyeska access road, 49 APL2. The parcel is within Lots 7 and 11, Section 35, Township 7 South, 8 East, Fairbanks Meridian.

Borough: Unorganized Borough.

Coastal Zone: None.

Native Regional/Village Corporation: Doyon Regional Corporation.

U.S.G.S. Map: Big Delta (1:250,000).

Title

Acquisition:

Parcel A is on General Select lands, selection 1068. This land has been patented to the State of Alaska in patent number 50-92-0030.

Parcel B is on General Select lands, selection 1068. Depending on the exact location of the site within section 1, the land has been tentatively approved to the state from the Bureau of Land Management (BLM) or the land has been patented, under patent number 50-66-0024, to the state from BLM.

Parcel C is on General Select lands, selection 1068. The land has been patented, under patent number 50-66-0024, to the state from BLM.

Restrictions: Standard, reservation of rights-of-way and subject to ANCSA.

Other Interests and/or Conflicts: Parcel B is adjacent to an existing active material contract, ADL 416025, to DOT/PF. Parcel C has existing powerline authorizations (ADL 1794 and F13508 60 foot).

Planning and Classification:

Land Management Plan: Tanana Valley State Forest Plan, Tanana Basin Area Plan

Land Classification:

- Parcel A is located within the Tanana Valley State Forest (AS 41.17.400), in subunits 8A and 8C. Land leasing is an allowed use within these subunits.
- Parcel B is located in Subunit 7F1 of the Tanana Basin Area Plan, which is classified Wildlife Habitat, Forestry, and Public Recreation. Land leases are allowed within this subunit and under these classifications.
- Parcel C is located in Subunit 7F1 of the Tanana Basin Area Plan, which is classified Wildlife Habitat, Forestry, and Public Recreation. Land leases are allowed within this subunit and under these classifications.

Mineral Closing Order: Parcel A is within Mineral Closing Order #67. Parcels B and C are not closed to mineral entry. No additional mineral closing orders are proposed.

Alaska Coastal Management Plan (ACMP): None of these parcels are within the coastal zone as defined by the ACMP.

Borough Zoning: All parcels are within the Unorganized Borough. No zoning applies.

Traditional Use Finding (AS 38.05.830)

In accordance with AS 38.05.830, a traditional use finding is required because this request is considered a disposal of state land in the unorganized borough. This finding shall consider the effects that the disposal may be expected to have on the density of the population in the vicinity of the land, and the potential for conflicts with the traditional uses of the land that could result from the disposal.

DNR reviewed information in the record, including the Final Environmental Impact Statement for the Pogo Gold Mine Project (FEIS), in making its traditional use finding. A comprehensive analysis of the existing population and traditional uses of the land in the vicinity of the Pogo Project and the access routes has been completed and is presented in Chapter 3 of the FEIS. This chapter of the FEIS describes in detail the affected environment of the project, including the socioeconomics, population, land use, and traditional subsistence use areas. The FEIS analysis shows that the traditional uses of lands in the project area include subsistence, trapping, hunting, fishing, and boating.

The environmental consequences of the proposed Pogo Mine Project are presented in Chapter 4 of the FEIS. The analysis of environmental consequences includes an analysis of the impacts of the proposed project on traditional uses and the population of the affected land, including the impacts on traditional subsistence use areas, socioeconomics, population, and land use.

Because land subject to the surface lease for the maintenance and staging area would be reclaimed after the cessation of mining, and because access to the Pogo Mine would be largely restricted to uses related to the mine, and because the intent is to have the second half of the access road to the mine reclaimed after the life of the mine, the impacts on traditional uses, subsistence uses, land uses resulting from the surface lease and the project in general would be minimal (Also see the discussion in sections V.D, VI.B, and IX of the Pogo Project Road Right-of-Way Final Finding and Decision, ADL # 416809). There is a possibility that the surface lease could be retained for some period to facilitate other resource development activities in the area, but this could occur only after a public process that is required by the road right-of-way decision (please refer to the Pogo Road Proposed Decision, ADL #416809).

Based on the analysis of environmental consequences and reasonably foreseeable impacts of the proposed Pogo Project, DNR is issuing this Final Finding that issuing this surface lease will have no significant effect on the density of the population in the vicinity of the project, and will have minimal potential for conflicts with the traditional uses of the land in the vicinity of this project.

In addition, this lease, in and of itself, will have no impact on the traditional uses in the area as this parcel is located on the Richardson Highway in an area that is currently developed. The lease may impact a small berry picking area, but there are other substitute areas in the adjacent vicinity.

A decision not to reclaim the gravel pad for this lease may be made at the time of lease closure as there may be other uses for this site in the future.

Waterbodies

Access to and along public and navigable water will not be affected by any of the proposals.

Access

Access to Parcel A will be via the Shaw Creek Road and the proposed Shaw Creek Hillside All-Season Road.

Access to B will be via the Richardson Highway and short spur road directly to the site.

Access to Parcel C will be via the Richardson Highway and Road 49 APL 2. Teck-Pogo may be improving the highway approach to the Richardson Highway as part of this proposal. Access to the Richardson Highway will require a driveway permit from DOT/PF.

Environmental Risk

There are no known environmental hazards within the subject parcels. Whichever parcel is chosen will be used as a maintenance and staging facility, and will contain parking areas for employee vehicles. The facility will contain a 5,000 ft² maintenance shop and a 5,000 ft² employee bus terminal, with parking and sanitary facilities for employees. All fuel handling and storage, wastewater disposal, and waste management will be done in accordance with ADEC requirements. The environmental risk associated with the use of these parcels is low, and a detailed analysis of the projected environmental impacts of the Pogo Project has been conducted as part of the Environmental Impact Statement process for the project (please refer to Chapter 4—Environmental Consequences of the FEIS). The Pogo Project Plan of Operations and the Right of Way Permit Application state procedures for handling fuel, hazardous materials and other potentially harmful substances. The lease will include stipulations for fuel and hazardous materials, such as storage, containment, and spill notification.

Performance Guaranty and Insurance

Teck-Pogo has proposed a reclamation bond in the amount of \$2,256,529.00 to guarantee reclamation of the Pogo Mine Road and the associated staging areas and laydown facilities, including this surface lease. DNR has made a decision that this bond amount is adequate to guarantee reclamation of the surface lease contemplated by this decision.

Insurance will be required for the lease site. The insurance requirement will be addressed for the entire project as a whole, as required by Section 9 of the Pogo Mine Project Millsite Lease, ADL #416949.

Competitive Disposal

Since the life of this project is 15 years, a negotiated lease is not a viable alternative. The DNR may enter into a negotiated lease of 10 years or less if the annual rental is less than \$5000 (AS 38.05.070(a)). The DNR has no statutory authority to negotiate a lease of longer than 10 years. As a result, a long term (greater than 10 years) competitive lease is the only alternative (AS 38.05.075)

Under AS 38.05.075, DNR will offer the parcel for a competitive lease for the purpose of a maintenance staging facility to support the Pogo Gold Mine project. The lease will be held by a public outcry auction conducted in Delta Junction. Public notice of the auction will be given prior to the auction. The minimum bid will be equal to the parcel's appraised fair market value.

Subject to acceptance, the successful qualified bidder will be required to enter into a contract with DNR. The contract will specify that the use of the parcel will be subject to the stipulations in Attachment 6, and be used for supporting the Pogo Mine Project consistent with the Pogo Project Right-of-Way Application and the project schedule. DNR has determined that lease of this land for mine support is in the best interests of the state, and therefore no other uses will be authorized on this parcel.

The DMLW will not require prequalification of bidders pursuant to AS 38.05.075(e).

Survey/Appraisal

Teck-Pogo, as the applicant, is completing a survey of the lease site to the requirements of the DMLW pursuant to AS 38.04.045, Survey and Subdivision. This survey does not have to be completed before the auction is conducted.

Teck-Pogo will be required to have the parcel appraised to determine the fair annual rental value of the parcel. This will set the minimum bid for the competitive auction. The appraisal must be approved by the DMLW's review appraiser.

In the event that the acreage differs from what is in the auction brochure and affects the minimum bid, the successful bidder will be required to pay the adjusted minimum bid for the parcel unless the competitive auction determines otherwise.

Agency Comments and Public Notice

A. Public Participation

Public and agency review was conducted as part of the public notice that was issued under AS 38.05.945 for the Pogo Mine project and related decisional documents, including the Draft Environmental Impact Statement (DEIS). Notice pursuant to AS 38.05.945 and .946 was sent to the regional Native corporation, Doyon, Inc. This preliminary finding and decision for the competitive lease application was included as an appendix in the DEIS for the Pogo Mine Project, and received the same public review as the DEIS. This review consisted of a 60-day public review period from March 14, 2003 to May 13, 2003, a mailing of the notice of availability of the DEIS, including the DNR documents, to over 400 people and organizations, newspaper advertising in the Fairbanks Daily News Miner and the Delta Wind, and publication of the notice of availability of the DEIS and DNR documents on the DNR and State of Alaska web sites, and the Federal Register.

Two public meetings were held during the 60-day review period. The first meeting was held in Delta Junction on April 29, 2003, and 62 people signed in at the meeting. The second public meeting was held in Fairbanks on April 30, 2003, and 98 people signed in at this meeting. Also, numerous articles appeared in state and local newspapers and trade journals during the public notice period.

Public and agency review was conducted for the Amended Preliminary Finding and Decision, which added Parcel C for consideration, as part of the notice of availability of the Final Environmental Impact Statement (FEIS) for the Pogo Gold Mine Project. This review consisted of a 30-day public review period from September 19, 2003 through October 20, 2003, a mailing of the notice of availability of the FEIS, including the DNR documents, to over 400 people and organizations, newspaper advertising in the Fairbanks Daily News Miner and the Delta Wind, and publication on the DNR and State of Alaska web sites, and the Federal Register.

In addition, the Environmental Protection Agency and DNR have consulted with affected Indian Tribes and other affected organizations and agencies about the Pogo Mine Project throughout the development of the FEIS. Also, in September of 2000, two public meetings were conducted as part of the scoping process for the EIS development. A more detailed discussion of public and agency participation in this process is included in Chapter 1 of the FEIS.

The FEIS was also noticed in the Federal Register on September 19, 2003 for a 30-day public review period, and advertisements were run in the Fairbanks Daily News Miner and the Delta Wind newspapers. Notice was also sent of the FEIS availability to over 400 people and organizations on the project's mailing list.

Throughout this process, DNR staff have consulted with the agencies and organizations in the Goodpaster Review Working Group, as required by the Tanana Basin Area Plan.

B. Response to Comments

184 comments were submitted to the EPA, DNR, and DEC on the Draft EIS and related agency authorizations. 55 of these were submitted at the public meetings, and the rest were submitted in writing or by e-mail.

Most of the comments supported the Agency Preferred Alternative in the DEIS, which included the Shaw Creek Hillside Route and the Maintenance/Staging Facility proposed by the applicant.

Nine comments were submitted during the notice period for the original Preliminary Finding and Decision that addressed the material sales directly. No comments were received during the notice period for the Amended Preliminary Decision:

1) Richardson Highway Location. Seven of the comments asked that the Maintenance/Staging Facility be located on the Richardson Highway rather than on the Shaw Creek Hillside All-Season Road near the TAPS crossing.

Response. DNR has determined that a Richardson Highway location is the appropriate location for the Maintenance/Staging Facility.

2) Avoid the Floodplain. One commentor also asked that the Maintenance/Staging Facility be located on the Richardson Highway, but also asked that the facility not be located in the floodplain.

Response. DNR has determined that the third parcel, Parcel C, is the appropriate parcel for the Maintenance/Staging Facility. This parcel is clearly not in the floodplain of the Tanana River.

3) Private Land. One commentor said that Teck-Pogo should use private land for the Maintenance/Staging Facility, not State land.

Response. DNR cannot mandate that Teck-Pogo obtain land from the private sector. If there was private land available for this purpose, that would be a matter strictly between the owner of the land and Teck-Pogo. It is the State's policy, however, to make its land and natural resources available for public use, and DNR routinely offers land for leasing. DNR has determined that offering land for lease for a maintenance/staging facility will best serve the interests of the state. This lease will facilitate the larger Pogo Gold Mine project, the state's interests are adequately protected by the terms and conditions attached to the use of this property, and the state will get a fair return for the use of this land.

4) Traffic Impacts. One commentor said that the Richardson Highway location would result in traffic safety concerns from slow moving traffic merging onto the highway.

Response. Teck-Pogo will be required to obtain a driveway permit from the Department of Transportation and Public Facilities. As part of their application for this permit, Teck-Pogo prepared a traffic impact analysis that evaluates the effects of the increased traffic related to the project. The driveway permit may require mitigation measures to address traffic safety issues. The Department of Transportation and Public Facilities believes that all traffic safety concerns can be adequately addressed.

5) Local Economic Benefits. The staging area should be located closer to Delta Junction so that more workers may reside in Delta rather than Fairbanks, and so that current land characteristics would not be altered.

Response. DNR has evaluated the impacts from locating the staging area at this location, and believes that this is the most appropriate location. Moving the location to Delta Junction may not necessarily cause fewer Fairbanks workers to seek employment at the mine, and it certainly would not be appropriate for DNR to deny Teck-Pogo's request based on that assumption.

Discussion

This parcel will be offered for the purpose of providing a maintenance/staging facility to support the proposed Pogo Mine Project. The proposed mine is located about 38 miles northeast of Delta Junction, and about 85 miles east of Fairbanks. The proposed mine is about 45 miles upstream on the Goodpaster River, a clearwater tributary to the Tanana River.

Facilities to be constructed on the parcel would be a 5,000 square foot maintenance shop and a 5,000 square foot bus terminal. The parcel would have parking areas for the personal vehicles for two shifts of workers (180 workers per shift). Employees would leave their personal vehicles on the parcel, and would be transported to the mine site by bus.

The parcel's size would be approximately 6.7 acres. The entire parcel would be fenced and locked. The parcel will also serve as a staging area during construction. The parcel would be manned on a daily basis for the life of the mine. The exact size of Parcel C is not known at this time as it is bordered by private property on the west, the Richardson Highway on the south, the Old Richardson on the north and the pipeline access road on the east.

Parcel A is sited in an area that would be utilized as a materials source area prior to its use as the maintenance/staging facility. The decision to allow Parcel A to be mined for materials is being made separately from this decision (see Final Finding and Decision for Competitive Material Sale ADL # 416816).

One of the primary reasons that DNR supports Parcels B and C is that it will potentially reduce traffic impacts on the residents of Shaw Creek Road. The seven residences along the Shaw Creek Road are likely to experience some impacts from Pogo Mine related traffic. These impacts would be reduced if the workers are transported in buses up the Shaw Creek Road to the mine. Locating the bus terminal on the Richardson Highway would eliminate up to 180 round trips (personal vehicles) on the Shaw Creek Road on shift-change days (every 4 days), and replace this traffic with 6 round trips by bus during shift change outs.

Teck-Pogo's preferred lease location is Parcel C. A lease on this site will reduce the amount of employee traffic on Shaw Creek Road. This parcel will be used strictly as a maintenance/staging area. No gravel extraction is proposed at this site. Parcel C has more suitable soils for construction than Parcel B, and is not in the floodplain of the Tanana River (as is Parcel B).

Final Finding

After reviewing the FEIS and the comments submitted on this action, I find that Parcel C is the most suitable location for the Maintenance/Staging Facility. By locating this facility on the Richardson Highway, the shift change traffic would be eliminated from the Shaw Creek Road, thereby greatly reducing traffic-related impacts, such as noise, dust, glare from headlights, safety concerns, to the residents and other users of Shaw Creek Road. I also find that Parcel C is more suitable than Parcel B because it is further from the floodplain of the Tanana River, and will be less prone to flooding.

The long-term lease of Parcel C by competitive auction is consistent with the overall management intent for state land and is in the state's best interest. The maintenance/staging area will facilitate development of the Pogo Gold Mine project. The benefits of the Pogo project to the state are considerable (for an analysis of the economic benefits of this project, refer to the Pogo Project Right-of-Way Final Finding and Decision, Section XI, Economic Benefits). Changes to the public resources and the public interest as a result of this proposed activity are acceptable. The terms and conditions attached to the use of this parcel will adequately protect the state's interest in this property. Approval is given to proceed with the competitive auction.

_____/s/_____
Tom Irwin
Commissioner

December 18, 2003
Date

Appeal Right and Procedure

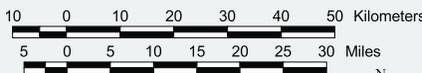
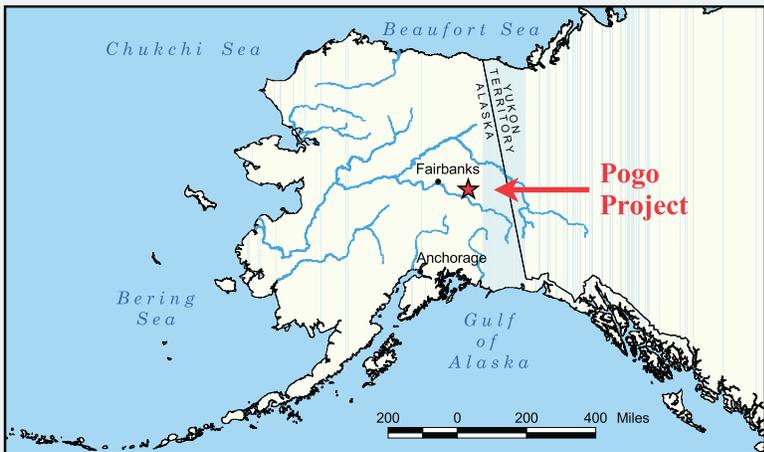
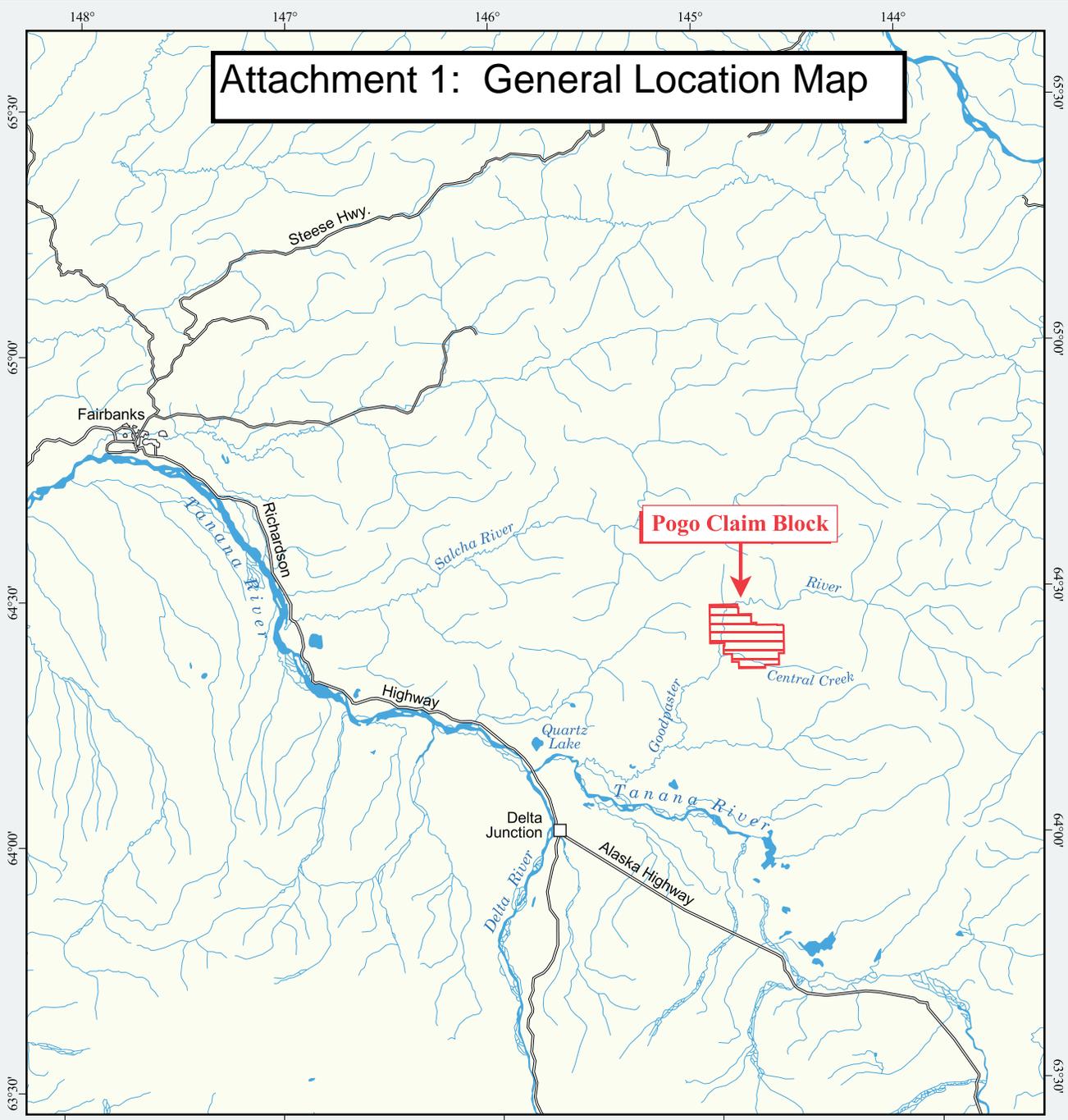
This is a final administrative order and decision of the department for purposes of an appeal to Superior Court. A person adversely affected by this final order and decision may (1) appeal to Superior Court within 30 days in accordance with the rules of the court, and to the extent permitted by applicable law, or (2) first request reconsideration of this decision, in accordance with AS 44.37.011 and 11 AAC 02.020, to Tom Irwin, Commissioner, Department of Natural Resources, 550 W. 7th Avenue, Suite 1400, Anchorage, Alaska 99501. Any such request for reconsideration must be received at that address, or received by being faxed to 1-907-269-8918, by January 7, 2004. Failure of the commissioner to act on a request for reconsideration by January 17, 2004 is a denial of reconsideration and is also a final administrative order and decision for purposes of an appeal to Superior Court. It may then be appealed to Superior Court within a further 30 days in accordance with the rules of the court, and to the extent permitted by applicable law. A copy of 11 AAC 02 may be obtained from any regional information office of the Department of Natural Resources. This decision goes into effect on January 18, 2004 unless the commissioner first orders reconsideration.

At the time a request for reconsideration is filed, an appellant may submit additional written material to support it, including evidence or legal argument. If the Commissioner orders reconsideration and if the Commissioner in his discretion under 11 AAC 02.050(a) further determines that there are questions of fact to be resolved that require a hearing, the hearing will be held in Fairbanks on January 12, 2004 at 10:00 A.M. at the Department of Natural Resources offices in Fairbanks, located at 3700 Airport Way. The hearing procedures under 11 AAC 02.050(b) will be announced at the time of his determination, if any. If a hearing is held, an appellant may submit additional written material at the hearing.

ATTACHMENTS

- Attachment 1: General Location Map
- Attachment 2: Location of Parcels A, B, and C
- Attachment 3: Map of Parcel A
- Attachment 4: Map of Parcel B
- Attachment 5: Map of Parcel C
- Attachment 6: Lease Stipulations

Attachment 1: General Location Map

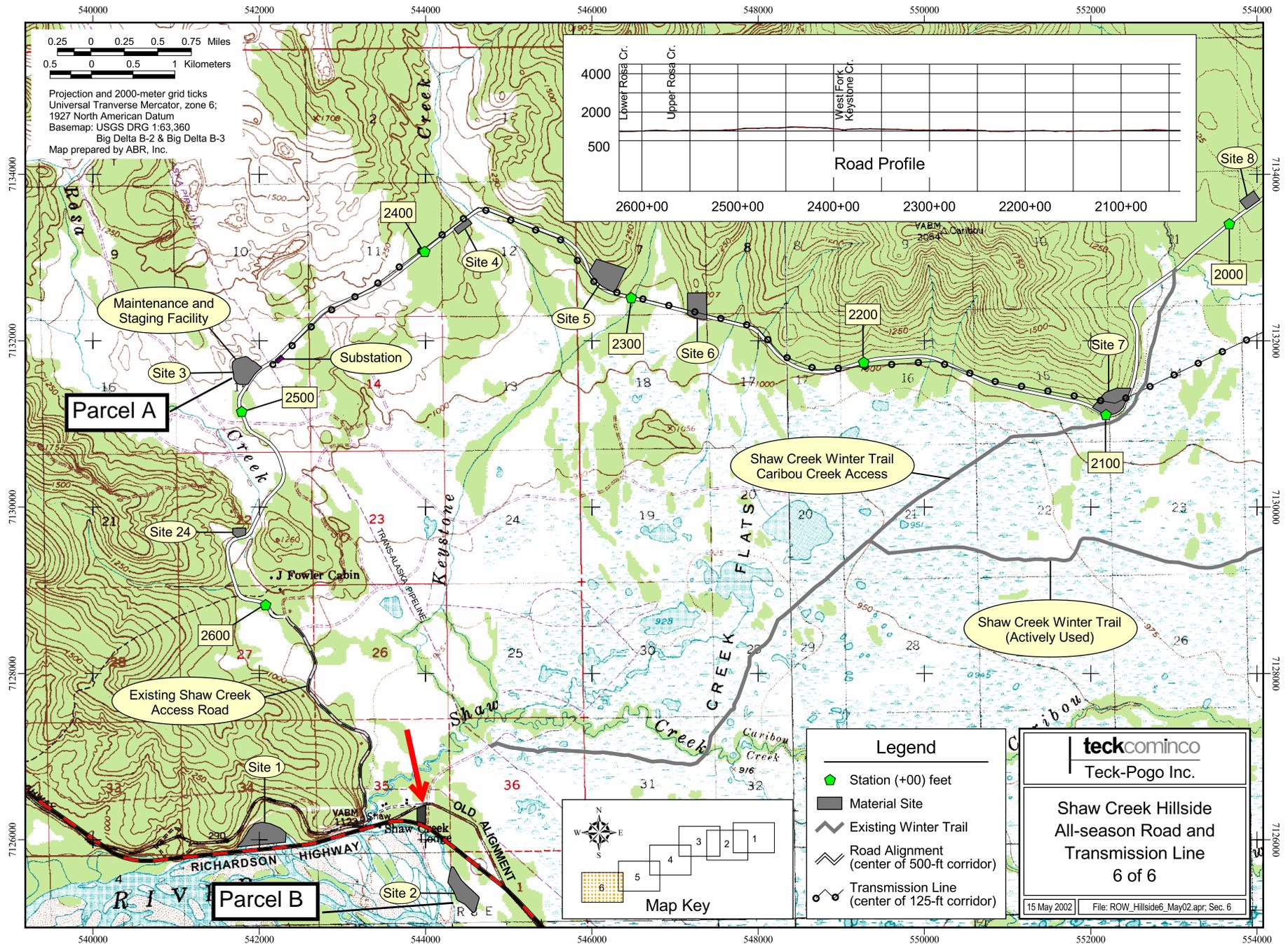


Map base: US DMA DCW
 Projection: UTM Zone 6;
 Datum: NAD 27

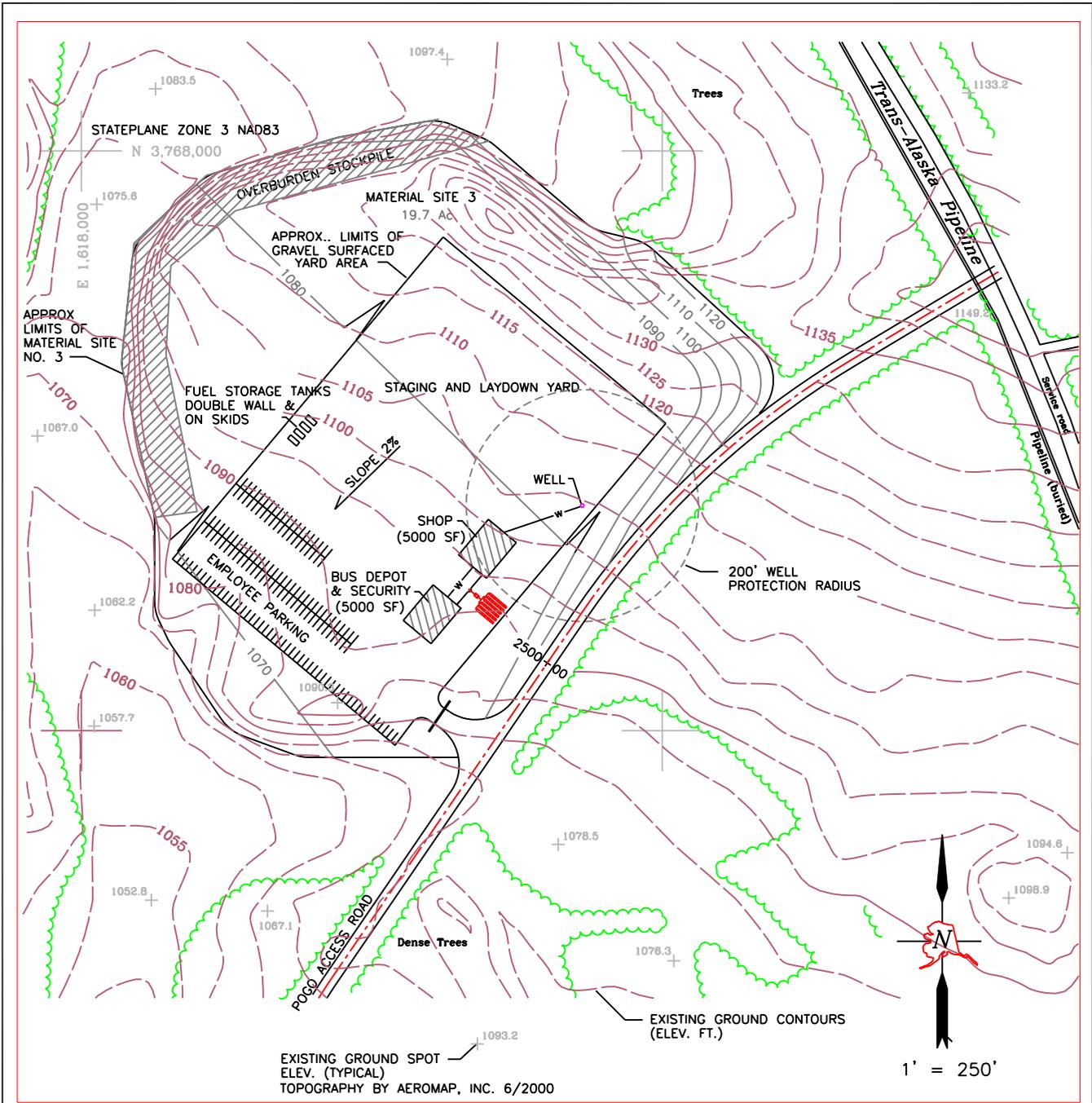


Pogo Mine EIS	
Figure 1.3-1 Pogo Project General Location Map	
map prepared by: ABR environmental research & services	
19 Aug 2002	ABR File: Pogo_PDEIS_Chapter1.apr

Attachment 2 -- Location of Parcels A, B, and C



Attachment 3: Map of Parcel A



NOTES

STAGING, MAINTENANCE AND SECURITY YARD IS LOCATED IN PROPOSED MATERIAL SITE NO. 3. GENERAL AREA IS DENSELY FORESTED WITH MIXED SPRUCE BIRCH AND ASPEN.

DOMESTIC WATER WILL BE PROVIDED BY A CLASS B PUBLIC WELL. WATER TREATMENT WILL BE PROVIDED AS NECESSARY TO MEET ADEC REQUIREMENTS FOR A CLASS B SYSTEM.

DOMESTIC WASTEWATER TREATMENT WILL INCLUDE USE OF A PROPERLY SIZED SEPTIC TANK AND LEACHFIELD.

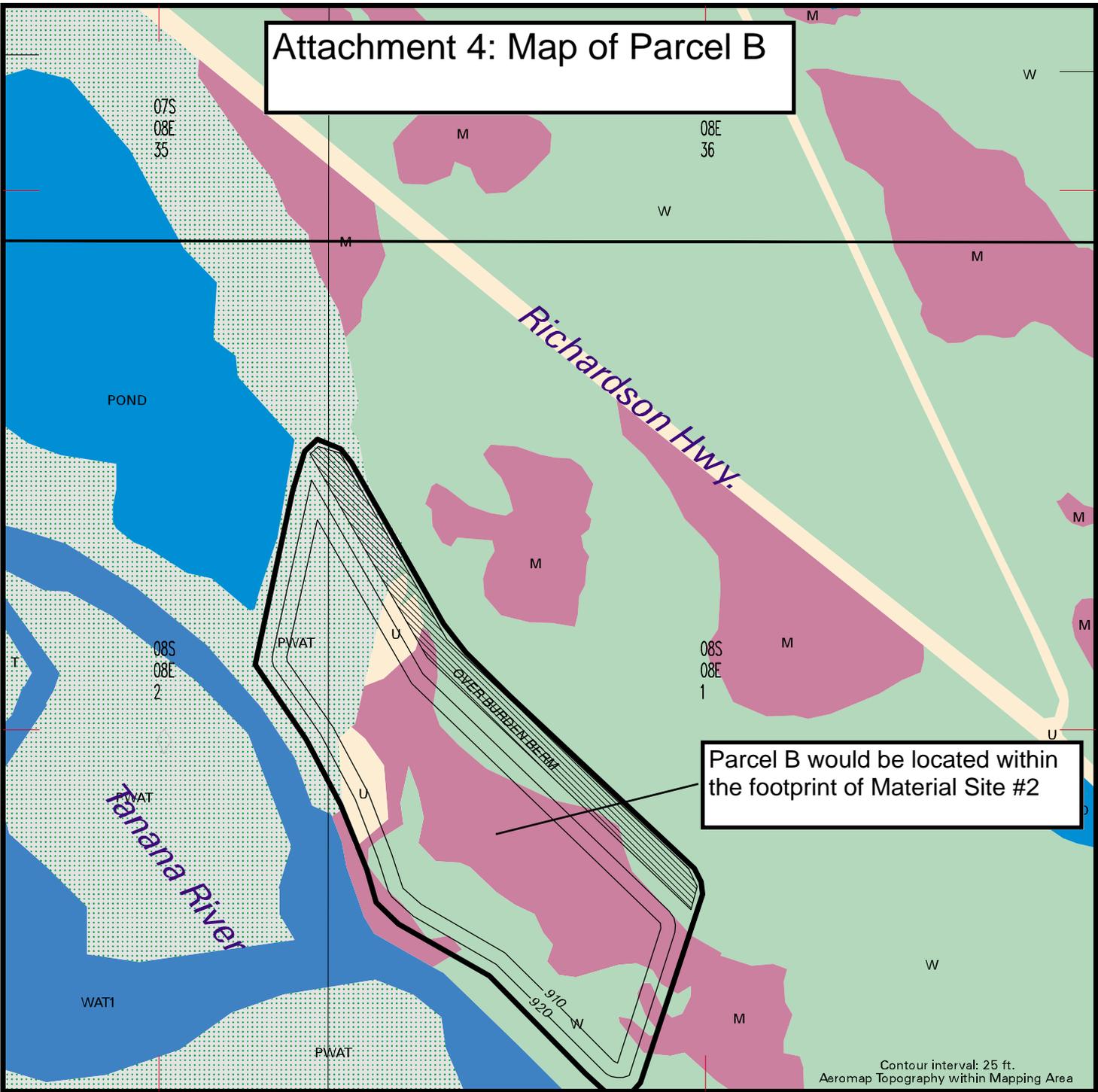
ALL WATER & WASTEWATER SYSTEMS INSTALLATION SHALL BE DONE IN ACCORDANCE WITH ALASKA DEPT. OF ENVIRONMENTAL CONSERVATION REGULATIONS AND STANDARDS.

STAGING AND PARKING AREA PAD TO BE CONSTRUCTED BY GRADING THE MATERIAL SITE FOR PROPER DRAINAGE AND TOPPING THE NATIVE SAND SOILS WITH GRAVEL OR SHOT ROCK.

LOCATION AND CONFIGURATION OF STRUCTURES AND SITE IMPROVEMENTS ARE APPROXIMATE AND ARE ONLY INTENDED TO ILLUSTRATE GENERAL ARRANGEMENT.

<p style="margin: 0;">Teck-Pogo Inc.</p>	
<p style="margin: 0;">Figure 2.4</p> <p style="margin: 0;">Maintenance and Staging Facility</p>	
15 May 2002	Base: Steven R. Rowland, P.E.- Staging-Area.dwg, 5/21/01; ABR file: Staging_Facility_ABR_ROW.dwg

Attachment 4: Map of Parcel B



Parcel B would be located within the footprint of Material Site #2

UTM Zone 6 NAD27 Stateplane Zone 3 NAD83

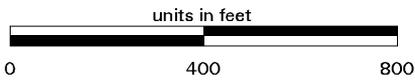


Material Site 2 Notes

- 1) Site is on a mostly forested area of the Tanana River floodplain adjacent to an existing material site.
- 2) Nearly level terrain.
- 3) 0.5 to 2.0 feet of overburden.
- 4) Material type is sandy gravel.
- 5) Depth to groundwater varies seasonally (3 to 8 feet).
- 6) Gravel to be removed by dredging, dragline or baling to a depth of approximately 25 feet using a large hydraulic excavator.
- 7) Reclamation to include contouring side slopes to 4:1 maximum.
- 8) Overburden stored in berms at pit limits and respread to form pit finish slopes.
- 9) Experience with adjacent pits indicates flooding and filling with sediment from Tanana will occur after closure.

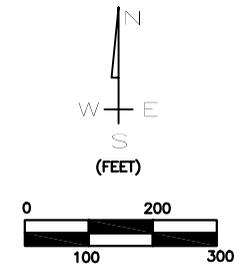
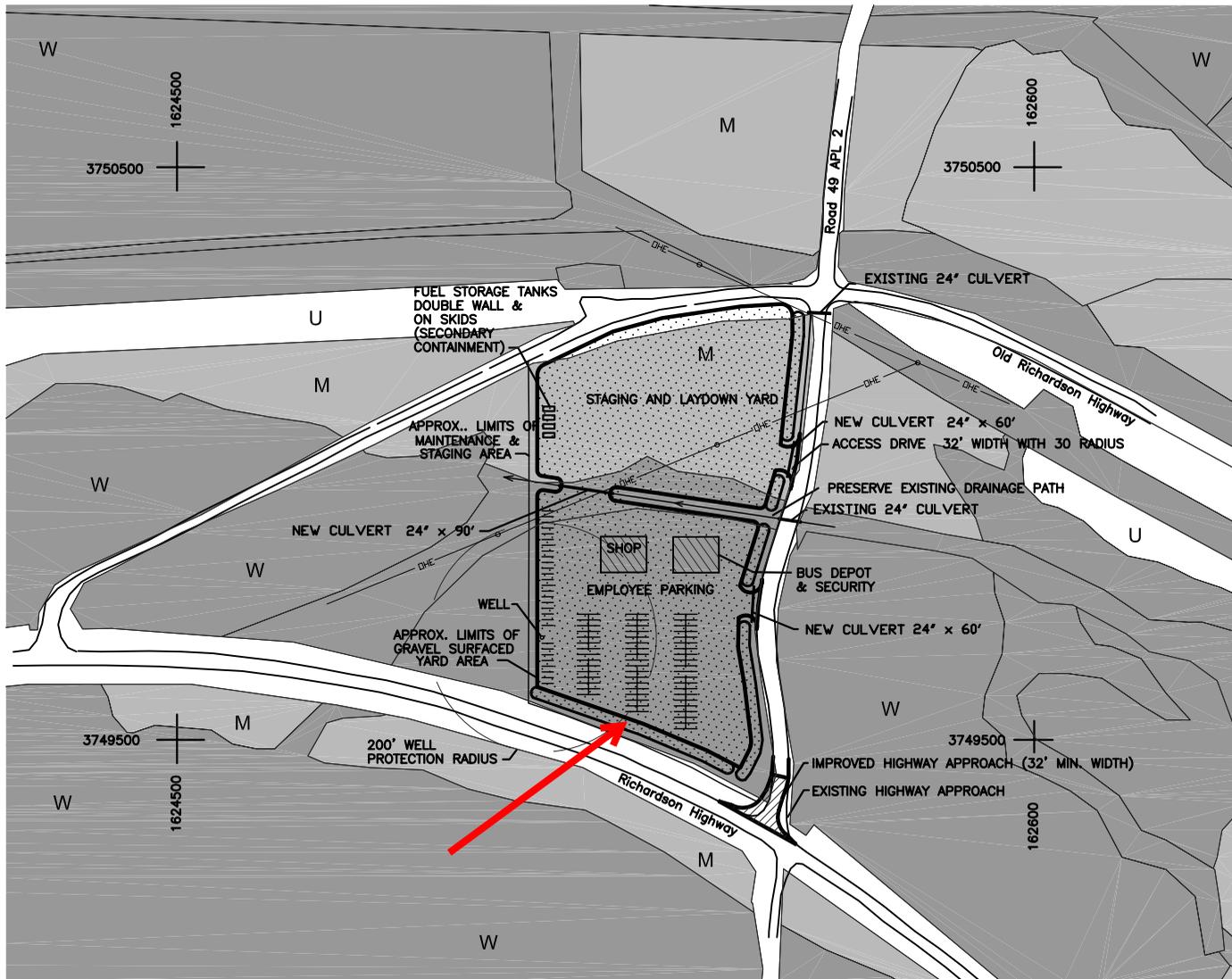
Pogo Project, Alaska Shaw Creek Hillside Route Material Site - 2

- Material Sites (Steve Rowland P.E. 4/27/01)
 - Road Centerline (Steve Rowland P.E.) (Road-cl-final.dwg (4/27/01)
 - Power Line (Dryden and LaRue) (powline_sut.shp 2/2/01)
 - U - Uplands
 - W - Wetlands
 - PWAT - Probable Waters of the U.S.
 - WAT1 - Waters of the U.S.
 - M - Mosaic of Wetlands and Uplands
 - POND - Ponds
- (Wetland Mapping - Three Parameters Plus 1998-2000)



Scale 1:4800
Alaska Stateplane Zone 3 (units ft.)
1983 North American Datum

May 22, 2001
Prepared For: Teck-Pogo Inc.
Prepared By: Resource Data, Inc.



Construction Notes

1. The Richardson Hwy intersection shall be improved to meet ADOT standards for public road intersection as shown in ADOT standard detail I-40.0.
2. Foundation pads will be excavated so all silty soils shall be removed to expose the native gravel strata. Backfill to foundation elevation with NFS sandy gravel.
3. Domestic wastewater will be collected in an appropriately sized holding tank and disposed at an ADEC approved septage disposal facility.

Reclamation Notes

1. The facilities will be removed.
2. Fill will be removed from wetlands. Uplands will be recontoured for drainage, scarified, and spread with growth media.

teckcominco



Teck-Pogo Inc.

Q-1996-0211
Goodpaster 1
Sheet 66 of 75

**RICHARDSON HIGHWAY
STAGING AREA**

15 AUG 2003

reclaim Staging Area.dwg

Attachment 6
Special Stipulations
Maintenance/Staging Facility

1. **Authorized Officer.** The Authorized Officer for the Department of Natural Resources is the Northern Regional Manager or designee appointed in writing. The Authorized Officer may be contacted at 3700 Airport Way, Fairbanks, Alaska 99709 or 907-451-2740. The Authorized Officer reserves the right to modify these stipulations or use additional stipulations as deemed necessary. To proceed in areas other than approved, Teck-Pogo (Permittee) must have prior approval from the authorized officer.
2. **Indemnification.** Upon notice from the State, Teck-Pogo will defend and indemnify the State with respect to any claim against the State alleged to arise out of the use of the Right-of-Way by Teck-Pogo or any affiliated party unless the claim against the State is based solely upon any alleged intentional act, negligence, or other misconduct on the State's part.
3. **Valid Existing Rights.** This lease is subject to all valid existing rights in and to the land subject to this lease. The State of Alaska makes no representations or warranties whatsoever, either expressed or implied, as to the existence, number, or nature of such valid existing rights.
4. **Reservation of Rights.** The Division reserves the right to grant additional authorizations to third parties for compatible uses on or adjacent to the land under this authorization.
5. **Reclamation Bond.** The Lessee shall provide a surety bond or other form of security acceptable to the Division, payable to the State of Alaska DNR, for an amount sufficient to reclaim the maintenance/staging facility in accordance with the reclamation provisions of the right-of-way application submitted by Teck-Pogo and approved by DNR. Such reclamation bond shall remain in effect for the term of this lease and shall secure performance of the Lessee's obligations hereunder. The amount of the bond may be adjusted by the Authorized Officer upon approval of amendments to this authorization, changes in the development plan, upon any change in the activities conducted or performance of operations conducted on the premises. If Lessee fails to perform the obligations under this lease within a reasonable time, the State may perform Lessee's obligations at Lessee's expense. Lessee agrees to pay within 20 days following demand, all costs and expenses reasonably incurred by the State of Alaska as a result of the failure of the Lessee to comply with the terms of this lease. The provisions of this lease shall not prejudice the State's right to obtain a remedy under any law or regulation. If the authorized officer determines that the Lessee has satisfied the terms and conditions of this lease the reclamation bond may be released. The reclamation bond may only be released in a writing signed by the Authorized Officer.
6. **Insurance.** The lessee will be required to maintain adequate insurance for the maintenance/staging facility, consistent with the policies and limits required by the Pogo Mine Millsite Lease. The Lessee may be required to have General Commercial Liability Insurance, Auto Liability Insurance, Professional Liability Insurance, Statutory Alaska Worker's Compensation and Employer's Liability Insurance, Pollution Liability Insurance and All Risk Property Insurance.
7. **Preference Right.** No preference right for use or conveyance of the land is granted or implied by this lease.
8. **Alaska Historic Preservation Act.** The lessee will comply with the stipulations of the Programmatic Agreement By and Among The Advisory Council on Historic Preservation, The U.S. Environmental Protection Agency, The U.S. Army Corps of Engineers, The State of Alaska, and The Alaska State Historic Preservation Officer Regarding the Pogo Gold Mine Project, executed on August 12, 2003.
9. **Assignment.** This lease may be transferred or assigned with prior written approval from the Authorized Officer.

10. **Storage of Equipment.** Nothing may be stored that would be an attractive nuisance to wildlife or create a potentially hazardous situation. The site shall be protected from leaking or dripping hazardous substances or fuel from equipment and vehicles. The Lessee shall place drip pans or other surface liners designed to catch and hold fluids under equipment and vehicles or by developing an equipment storage area with an impermeable liner or other suitable containment mechanism.
11. **Site Restoration.**
 - a. Upon expiration, completion, or termination of this lease, the site shall be vacated and all improvements, personal property, and other chattels shall be removed or they will become the property of the state.
 - b. A Restoration Plan must be approved by the Authorized Officer at least 30 days prior to expiration, completion, or termination of this lease, whichever is sooner.
 - c. Land returned to the Department of Natural Resources for any reason shall be restored to an environmental, physical, and marketable condition acceptable to the Authorized Officer, and shall be left in a clean, safe condition acceptable to the Authorized Officer.
12. **Wastewater Disposal.** Disposal of wastewater from any operation associated with this lease must satisfy the requirements of the Alaska Department of Environmental Conservation.
13. **Solid Waste.**
 - a. All solid waste, debris, or hazardous waste generated from the activities conducted under this lease, or used or stored on the site, shall be removed to a facility approved by the ADEC prior to the expiration, completion, or termination of the lease or activities.
 - b. Paper products may be burned on site provided that measures (e.g. burn barrels, clearing of burn area to mineral soil) are taken to prevent wildfires.
 - c. Temporary storage and accumulation of solid waste (prior to its removal) shall conform to the following:
 - i. solid waste shall be stored in a manner that prevents a litter violation under AS 46.06.080;
 - ii. putrescible wastes (material that can decompose and cause obnoxious odors) shall be stored in a manner that prevents the attraction of or access to wildlife or disease vectors; and
 - iii. the premises shall be maintained free of solid waste that might create a health or safety hazard.
14. **Survey.** The Lessee shall submit a survey acceptable to the standards of DNR prior to entering into a lease agreement for this parcel.
15. **Inspection.** Authorized representatives of the State of Alaska shall have reasonable access to the subject parcel for purposes of inspection. The Lessee may be charged fees under 11 AAC 05.010(a)(7)(M) for routine inspections of the subject parcel, inspections concerning non-compliance, and a final close-out inspection.
16. **Compliance with Governmental Requirements.** The Lessee shall, at its expense, comply with all applicable laws, regulations, rules and orders, and the requirements and stipulations included in this lease. The Lessee shall ensure compliance by its employees, agents, contractors, subcontractors, licensees, or invitees.
17. **Other Authorizations.** The issuance of this lease does not alleviate the necessity of the Lessee to obtain authorizations required by other agencies for activities on this parcel.
18. **Lease Rental.**
 - a. The Lessee shall pay to the Division \$_____ (to be determined by auction) annually.

- b. The lease payment is due for the first year on the effective date of the lease, and thereafter on or before the anniversary of the effective date of this lease without the necessity of any billing by the Division.
19. **Late Payment Penalty Charges.** The Permittee shall pay a fee for any late payment. The amount of the fee is the greater of either the fee specified in 11 AAC 05.010(a)(16)(A), or interest at the rate set by AS 45.45.010(a), and will be assessed on a past-due account until payment is received by the state. A returned check fee as provided in 11 AAC 05.010(a)(16)(B) will be assessed for any check on which the bank refuses payment. Late payment fees shall continue to accumulate until payment is received by the State.
 20. **Maintenance.** The State assumes no responsibility for maintenance of improvements constructed on state land nor liability for injuries or damages attributable to that maintenance or construction.
 21. **Change of Address.** Teck-Pogo shall maintain a current address with the Division. Any change of address must be submitted in writing to the Authorized Officer.
 22. **Forest Resources.** All non-merchantable timber less than nine inches in diameter measured at 4.5 feet above the ground (called Diameter Breast Height (DBH)), brush, and slash shall be disposed of in an approved manner to minimize the risk of fire, insects and disease. Clearing of vegetation shall be kept to the minimum necessary.
 23. **Fire Prevention, Protection, and Liability.**
 - a. Teck-Pogo shall take all reasonable precautions to prevent and suppress forest, brush, and grass fires and shall assume full liability for fire suppression costs and any damages to state land resulting from escaped fire.
 - b. The State of Alaska is not liable for damage to the Lessee's personal property and is not responsible for forest fire protection of the Lessee's activity.
 24. **Destruction of Markers.** All survey monuments, witness corners, reference monuments, mining claim posts, bearing trees, and unsurveyed lease corner posts shall be protected against damage, destruction, or obliteration. The Lessee shall notify the Authorized Officer of any damaged, destroyed, or obliterated markers and shall reestablish the markers at its own expense in accordance with accepted survey practices of the Division of Land.
 25. **Fuel and Hazardous Substances.** Secondary containment shall be provided for fuel or hazardous substances.
 - a. **Container marking.** All independent fuel and hazardous substance containers shall be marked with the contents and the Permittee's name using paint or a permanent label.
 - b. **Fuel or hazardous substance transfers.** Except for hand operated equipment, secondary containment or a surface liner must be placed under all container or vehicle fuel tank inlet and outlet points, hose connections, and hose ends during fuel or hazardous substance transfers, where feasible and prudent. Appropriate spill response equipment must be on hand during any transfer or handling of fuel or hazardous substances to respond to a spill of up to five gallons. Transfer operations shall be attended by trained personnel at all times. Vehicle refueling shall not occur below the ordinary high waterline of any waterbody. This restriction does not apply to water-borne vessels provided no more than 30 gallons of fuel are transferred at any given time.
 - c. **Storing containers within 100 feet of waterbodies.** Containers with a total capacity larger than 55 gallons which contain fuel or hazardous substances shall not be stored within 100 feet of a waterbody.

- d. **Exceptions.** The Authorized Officer may under unique or special circumstances grant exceptions to this stipulation on a case-by-case basis. Requests for exceptions should be made to the Authorized Officer.
- e. **Definitions.**
- 1) "**Containers**" means any item which is used to hold fuel or hazardous substances. This includes tanks, drums, double-walled tanks, portable testing facilities, fuel tanks on small equipment such as light plants and generators, flow test holding tanks, slop oil tanks, bladders, and bags. Manifolder tanks or any tanks in a series must be considered as a single container. Vehicles, including mobile seismic tanks, are not intended to be included under this definition.
 - 2) "**Hazardous substance**" is defined as (A) an element or compound which, when it enters into the atmosphere, or in or upon the water or surface or subsurface land of the state, presents an imminent and substantial danger to the public health or welfare, including but not limited to fish, animals, vegetation, or any part of the natural habitat in which they are found; (B) oil; or (C) a substance defined as a hazardous substance under 42 U.S.C. 9601(14).
 - 3) "**Secondary containment**" means an impermeable diked area or portable impermeable containment structure capable of containing 110 percent of the volume of the largest container. Double-walled tanks do not qualify as secondary containment unless valves and piping are contained within the outer double wall.
 - 4) "**Surface liner**" means any safe, non-permeable container (e.g., drip pans, fold-a-tanks, etc.) designed to catch and hold fluids for the purpose of preventing spills. Surface liners should be of adequate size and volume based on worst-case spill risk.
 - 5) **Notification.** The Permittee shall immediately notify DNR and DEC by phone of any unauthorized discharge of oil to water, any discharge of hazardous substances (other than oil), and any discharge of oil greater than 55 gallons on land. All fires and explosions must also be reported to DNR. The DNR 24-hour incident notification number is (907) 451-2678; the Fax number is (907) 451-2751. The DEC spill report number is (800) 478-9300. DNR and DEC shall be supplied with all follow-up incident reports.
 - 6) **Remediation.** Should any unlawful discharge, leakage, spillage, emission, or pollution of any type occur due to Permittee's, or its employees', agents', contractors', subcontractors', licensees', or invitees' act or omission, the Permittee, at its expense, shall be obligated to clean the area to the reasonable satisfaction of the State of Alaska.
26. **Notification.** The Lessee shall immediately notify DNR and DEC by phone of any unauthorized discharge of oil to water, any discharge of hazardous substances (other than oil), and any discharge of oil greater than 55 gallons on land. All fires and explosions must also be reported.

The DNR 24 hour spill report number is (907) 451-2678; the Fax number is (907) 451-2751. The DEC spill report number is (800) 478-9300. DNR and DEC shall be supplied with all follow-up incident reports.