



Director's Determination

**RELEASE OF INTEREST FOR MILLSITE LEASE
ADL 416509**

**Department of Natural Resources
550 W. 7th Avenue, Suite 900B
Anchorage, Alaska 99501**

REQUESTED ACTION

On August 17, 2020, Fairbanks Gold Mining, Inc. (FGMI) requested relinquishment of the True North Millsite Lease, ADL 416509 (Lease). The Lease terms describe the requirements for relinquishment, abandonment, or other termination of any right or land interest in the Lease. This determination evaluates whether FGMI has met the requirements of sections 11, 17, and 20 of the Lease, and whether it is in the public interest that improvements on the land remaining as a result of the Lease be left in place.

AUTHORITY

This determination is pursuant to AS 38.05.255 and the Lease terms. Under AS 30.05.255, "leases for millsites ... may be issued by the director ... conditioned upon payment of reasonable annual rent for the lease and restricted to uses approved by the director."

Further, the Lease between FGMI and DMLW for True North contains the following provision:

20. Release of Interests.

a. Upon receipt of the Division's written concurrence that all accrued Lease obligations and responsibilities have been satisfied with respect to the lands within the Millsite Area, the Lessee shall release and relinquish to the State the lands within the Millsite Area. During the term of this Lease, the Lessee may release and relinquish to the State at any time any State lands subject to this Lease that the Lessee determines are no longer necessary for the Lessee's Millsite Operations, by obtaining the Division's written concurrence described in the Section. Such release and relinquishment shall be effective as of the date of the Division's written concurrence. The Annual Rent shall be adjusted *pro rata* on an acreage basis to reflect the decrease in acreage leased pursuant to this Lease.

b. Upon the relinquishment, expiration, termination, or forfeiture of any right or interest in this Lease or in the use of all or any part of the State lands subject to this Lease, Lessee shall promptly execute and deliver to the State a valid instrument of release in recordable form, which must be executed and acknowledged with the same formalities as this Lease. The instrument of release must contain, among other things, appropriate recitals, a description of pertinent rights and interests, and express representations and warranties by Lessee that is the sole owner and holder of the right of interest described therein and that such right or interest is free of all liens, equities, or claims of any kind requiring or that may require consent of a third party claiming in whole or in part by, through, or under Lessee, for the valid release or extinguishment thereof, except for such that are owned or claimed by third parties that have joined the execution of the release. The form and substantive content of each instrument of release must be approved by the Division, but in no event shall any such instrument operate to increase the existing liabilities and obligations of the Lessee furnishing the release.

BACKGROUND

On January 20, 2001, the State of Alaska, Department of Natural Resources, Division of Mining, Land & Water (DMLW) entered into a Lease with FGMI and LaTeko Resources, Inc., to support mining for locatable minerals at the True North Mine Site (True North). On October 4, 2001 FGMI assumed full ownership of True North and the associated Lease by way of merger. Mining activities at True North occurred between 2001 to 2004 and produced 11.7 million tons of ore, which was hauled nine miles to the Fort Knox mill. In 2009, FGMI ceased mining and exploration at the site and began final reclamation pursuant to terms of the Millsite Lease, ADL 416509, and the Reclamation Plan Approval, F20127522. In 2010, FGMI graded 149 acres, placed growth media on 52 acres, and scarified, seeded, and fertilized 270 acres within the Millsite Area. As of 2011, FGMI completed the major earthwork; leaving only a small area of materials to be salvaged. As of summer 2014, the site was fully revegetated and monitoring continued for several years to assure long-term stability of the mine site. In conjunction with reclamation work, FGMI

participated in agency meetings and submitted activity reports on an annual basis.

LOCATION

The Lease location is 13 miles northeast of Fairbanks and 3 miles west of the Steese Highway near Milepost 20. True North is located within Sections 21, 28, 29, 32, and 33 of Township 003 North, Range 001 East, Fairbanks Meridian Alaska.

RECORDS REVIEW

1. Contaminated Sites and Reportable Spills

On May 7, 2020, DMLW reviewed the State of Alaska, Department of Environmental Conservation (DEC) records and confirmed that no contaminated sites exist within the Millsite Lease Area. DMLW further reviewed DEC and DNR records for spills within the Millsite Lease Area after issuance of the Lease. DMLW found no reports or documentation of any spills.

2. Field Inspections

Since approval of the Lease in 2001, DMLW conducted field inspections on an annual basis; including a final field inspection on July 2, 2019. The final inspection was conducted by DMLW Large Mine Program Manager, Brent Martellaro; DMLW Geologist III, William Groom; as well as DEC specialists Jim Vohden and Tim Pilon. The final inspection observed regrowth of vegetation and the existence of woody species repopulation. In addition, the ground has stabilized, the earthwork has been successful with recolonization of plant species, and post-reclamation activities appear compliant. Additional recommendations for reclamation include continued long-term monitoring of the site and reduction of the financial assurance to an amount that will support long-term monitoring.

DISCUSSION AND RECOMMENDATION

Issuing a release of interest, which will return the land management to DMLW and extinguish many of FGMI's general land management requirements pursuant to the Lease, is in the best interest of the State. The location has been fully reclaimed consistent with applicable statutes and regulations, revegetated, and is in a stable condition. There are no known environmental hazards on record. Therefore, it is recommended that the area be opened to the public for multiple use consistent with requirements of AS 38.05.285 and Article 8 of the Alaska Constitution.

DECISION

Release Approved: After review and analysis of the Lease terms, I approve the release of interest in the land and closure of Millsite Lease ADL 416509. The Release of Interest for ADL 416509 shall be executed. Further administration of the State lands will be managed by the Division of Mining, Land and Water.


Marty Parsons
Director, DMLW

9/16/20
Date

APPEALS

A person affected by this decision may appeal it, in accordance with 11 AAC 02. Any appeal must be received within 20 calendar days after the date of "issuance" of this decision, as defined in 11 AAC 02.040(c) and (d) and may be mailed or delivered to the Commissioner, Department of Natural Resources, 550 W. 7th Avenue, Suite 1400, Anchorage, Alaska 99501; faxed to 1-907-269-8918, or sent by electronic mail to dnr.appeals@alaska.gov. Under 11 AAC 02.030, appeals and requests for reconsideration filed under 11 AAC 02 must be accompanied by the fee established in 11 AAC 05.160(d)(1)(F), which has been set at \$200 under the provisions of 11 AAC 05.160 (a) and (b).

This decision takes effect immediately. If no appeal is filed by the appeal deadline, this decision becomes a final administrative order and decision of the department on the 31st calendar day after issuance. 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.