

**FINAL FINDING AND DECISION  
COMPETITIVE MATERIAL SALE  
AS 38.035(e)  
ADL 416816  
Teck-Pogo, Inc.**

**Proposed Action**

Teck-Pogo, Inc. (Teck-Pogo) is requesting to purchase 470,000 cubic yards (cy) of material from 22 sites in the Shaw Creek and Goodpaster River drainages. These material sites will be used to construct a 49-mile all-season access road (the Shaw Creek Hillside All-Season Road) to the proposed Pogo Gold Mine. All but one of the proposed locations are new material sites that have been identified by Teck-Pogo. Under DNR's proposed right-of-way decision for the Pogo Mine, the first 23 miles of the road would be closed to general public use during the Pogo Mine's life, and would be a public road after the mine's life. The second portion of the road would be a private exclusive right-of-way for mine use only, and would be reclaimed after the mine's life.

In the Preliminary Finding and Decision for this action, 23 material sites were proposed by Teck-Pogo. In response to public comments and based on additional studies conducted by Teck-Pogo, one of the material sites (Material Site #2) was withdrawn from consideration<sup>1</sup>.

**Scope of Review and Final Finding**

Final Finding and Decision will provide approval of this 470,000 cy material sale to Teck-Pogo. The scope of this finding is the reasonably foreseeable, significant effects resulting from these material sales. The scope is limited to the statutes, regulations, facts, and issues contained in the casefile for ADL 416816 that are material to determining whether this sale is in the best interests of the state.

**Authority**

AS 38.05.115(a), AS 38.05.120, AS 38.05.035(e), 11 AAC 71.005-280, AS 27.19, 11 AAC 97.

**Administrative Record**

The casefile for ADL 416816, the Tanana Basin Area Plan (TBAP), and the Pogo Project files comprise the administrative record for this request. DNR's Preliminary Decision to offer these materials for sale 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), (ADL 416809), 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:**

Material site 1 is located just west of Shaw Creek Road adjacent to and north of the Richardson Highway. Proposed material sites 3 through 24 are distributed along the proposed mine access road from the Richardson Highway to the mine site in the upper Goodpaster River valley (see Attachment 1). The locations of the material sites are shown in Attachment 2.

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<sup>1</sup> Teck-Pogo originally proposed 24 material sites. Material Site #12 was withdrawn from the application before the Preliminary Finding and Decision was issued.

The proposed mine access road, referred to as the Shaw Creek Hillside All-Season Road, begins at the end of the Shaw Creek Road, which extends two miles north from the Richardson Highway at a point approximately 25 miles northwest of Delta Junction. The Shaw Creek Hillside All-Season Road then proceeds up the Shaw Creek valley, up over a divide and then down into the upper Goodpaster River valley to the Pogo Minesite.

**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:**

The acquisition status is shown in the table below:

Material Site	Area (acres)	Material Type	Grant	Status	Classification
Site 1	27.3	Gravel	GS 1068	TVSF	8A, Mineral Production/Timber Production/Wildlife Habitat
Site 2	<b><i>This Site Deleted From Application</i></b>				
Site 3	19.7	Sand	GS 1068	TVSF	8A, 8C, Mineral production/Timber Production/Wildlife Habitat
Site 4	4.0	Sand	GS 1068	TVSF	8C, Mineral production/Timber Production/Wildlife Habitat
Site 5	25.4	Rock	GS 1160	TVSF	8C, Mineral production/Timber Production/Wildlife Habitat
Site 6	20.0	Rock	GS 1160	TVSF	8C, Mineral production/Timber Production/Wildlife Habitat
Site 7	39.0	Rock	GS 1160	State Patent	7A1, 7A2, Public Recreation/Wildlife Habitat/Forestry
Site 8	6.5	Sand	GS 1160	State Patent	7A2, Public Recreation/Wildlife Habitat
Site 9	5.5	Rock	GS 1133	State Patent	7A2, Public Recreation/Wildlife Habitat
Site 10	2.2	Sand	GS 1133	State Patent	7A1, Public Recreation/Wildlife Habitat
Site 11	3.5	Sand	GS 3704	State TA'd	7A1, Public Recreation/Wildlife Habitat
Site 12	<b><i>This Site Deleted From Application</i></b>				
Site 13	3.9	Sand	GS 3705	State TA'd	7A1, Public Recreation/Wildlife Habitat
Site 14	3.5	Sand	GS 3705	State TA'd	7A1, Public Recreation/Wildlife Habitat

Site 15	6.0	Sand	GS 3689	State TA'd	7A1, Public Recreation/Wildlife Habitat
Site 16	12.0	Rock	GS 3705	State TA'd	7A1, 7A2, Public Recreation/Wildlife Habitat/Forestry
Site 17	38.0	Rock	GS 3706	State TA'd	7A2, Public Recreation/Wildlife Habitat
Site 18	11.1	Rock	GS 3706	State TA'd	7D3, Public Recreation/Wildlife Habitat/Forestry
Site 19	11.9	Rock	GS 3706	State TA'd	7D3, Public Recreation/Wildlife Habitat/Forestry
Site 20	5.3	Rock	GS 3690	State TA'd	7D3, Public Recreation/Wildlife Habitat/Forestry
Site 21	3.7	Rock	GS 3707	State TA'd	7D3, Public Recreation/Wildlife Habitat/Forestry
Site 22	8.4	Rock	GS 3691	State TA'd	7D2, Public Recreation/Wildlife Habitat
Site 23	6.7	Rock	GS 3691	State TA'd	7D2, Public Recreation/Wildlife Habitat
Site 24	3.2	Rock	GS 1068	State Patent	7A2, Public Recreation/Wildlife Habitat

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

**Other Interests and/or Conflicts:** Material Site #1 is an existing material site. This site currently has the following active DNR authorizations:

- DOT/PF Material Sale for 150,000 cy. Issued
- DOT/PF Material Sale for 50,000 cy of rock (ADL 416.36). This contract expires on August 31, 2008
- Alyeska Pipeline Service Company Material Sale for 30,000 cy. Issued September 13, 2000 under ADL 416524.
- Alyeska Pipeline Service Company Land Use Permit to store stockpiled material. Issued June 16, 2003.

**Planning and Classification:**

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

**Land Classification:** All of the sites are located on state land where material sales are allowed. Specific plan units for each material site are shown in Table 1.

**Mineral Closing Order:** None.

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

**Borough Zoning:** All of the sites 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 for the sale, lease under AS 38.05.070 – 38.05.105, or other disposal of state land, including resources belonging to the state, 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 disposal, and the potential for conflicts with the traditional uses of the land that could result from the disposal.

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 Final Environmental Impact Statement (FEIS) for the Pogo Mine Project. 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 on lands in the project area include subsistence, trapping, hunting, fishing, and boating.

The environmental consequences of the proposed Pogo Mine Project and several alternative development scenarios and access routes have also been analyzed during the Pogo Project FEIS process, and 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. The material sales are being done to facilitate the construction of the Shaw Creek Hillside All-Season Road. DNR completed a traditional use finding for the road right-of-way in section V.D. of the Final Finding and Decision for the Pogo Project Right-of-Way. Also, Section IX of the right-of-way Final Decision contains a description of the reasonable, foreseeable, significant effects of the road. These sections of the right-of-way Final Finding are incorporated here by reference.

In sum, it is clear from the analysis in the FEIS and DNR's Final Decision for the right-of-way that because the access to the Pogo Mine would be largely restricted to uses related to the mine, and because a large portion of the access road would be reclaimed after the life of the mine, that the impacts on traditional uses, subsistence uses, land uses would be minimal. Also, because the workforce would be bussed to and from the mine, and would not reside in the immediate vicinity of the mine, the population of the land in the immediate vicinity of the mine would not change significantly. There may be some increased hunting pressure in the lower Shaw Creek Valley. However, these material sales and issuance of the right-of-way will not increase impacts in the long term, because the public portion of the road would be constructed by DOF in any event. Also, company policy will prohibit mine employees from hunting and fishing while working at the mine.

Based on the analysis of environmental consequences of the proposed Pogo Project, DNR is issuing this Final Finding and Decision for these material sales 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.

### **Waterbodies**

See maps in Attachment 2. Access to and along public and navigable water will not be affected by these material sales.

### **Access**

Access to Material Site #1 will be via the Richardson Highway and a short spur road directly to the site. Access to Material Sites #3 through #24, which are adjacent to the proposed Shaw Creek Hillside All-Season Road, will at most be via short spur roads to each site. Material from Material Site # 1 will be

hauled up Shaw Creek Road for use in road construction. The other material sites are situated along the proposed right-of-way to minimize haul distances and construction costs.

### **Environmental Risk**

There are no known environmental hazards within the subject material sites. The environmental risk associated with the extraction of material from these sites is low. Fuel tanks will be lined and diked, or the equivalent, equipment maintenance will take place over an impermeable membrane, and the site will be protected from leaking equipment through the use of diapers or drip pans. 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. 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.

### **Performance Guaranty and Insurance**

Teck-Pogo has proposed a reclamation bond in the amount of \$2,262,529.00 to guarantee reclamation of the Pogo Mine access road and the associated material sites. DNR has determined that this bond amount is adequate and, and is in compliance with 11 AAC 71.095(b)(3).

Teck-Pogo will be required to have insurance for the material sites. The insurance requirement is addressed for the entire project as a whole.

### **Mining and Reclamation Plan**

Teck-Pogo has submitted mining and reclamation plans for the material sites as part of the Pogo Project Right-of-Way and Material Sale application. DNR will review in detail the mining and reclamation plans for each site prior to extraction and reclamation. Mining plans will be submitted for approval, in writing, on a site-by-site basis. Reclamation of each site will be addressed on a site-specific basis and take into consideration the state's desired post-use plans for each site. Some sites along the first portion of the road may not be reclaimed as they will be needed for future forest road construction. Some of the material sites may be reclaimed after construction, reclamation on others will be postponed for the mine's life as they are needed for maintenance of the road. Some material site locations may be relocated slightly to address site specific topographic or visual concerns. Screening may be required as part of the material site development. Forest resources at material sites will be handled consistent with the stipulations for construction of the Shaw Creek Hillside Road (see Stipulation 24, Attachment 7, Pogo Project Road Final Decision, ADLs 416809 and 417066). In addition, the Fire Prevention, Protection, and Liability stipulation (Stipulation 23, Attachment 7, Pogo Project Road Final Decision, ADLs 416809 and 417066) will also be included in the material sale contract.

### **Survey and Appraisal**

**Survey:** The road as-built will include the material site locations/boundaries, particularly those that will remain open for the life of the project or beyond.

**Appraisal and Fees:** Private exclusive right-of-way material costs: The minimum bid price for the sale of all materials used in constructing the second half of the road from the Gilles Creek bridge to the Goodpaster River bridge will be \$1.00/cy. This is DNR's representative sales price for pit-run material sold from sites in this area.

Public right-of-way material costs: 11 AAC 71.090(d) requires DNR to sell material for its appraised fair market value. The FMV for sand, gravel, and soft rock material from state land generally has been set by the Northern Regional Manager at \$1.00 per cubic yard. This price is based upon a BLM appraisal of material sites for the Trans-Alaska Pipeline corridor approved on March 1, 1999. The administrative base price under 11 AAC 71.090(b) was established by the Director of the DMLW in 1994 as \$0.50 per cubic

yard. Provisions in 11 AAC 71.090(e) allow the Commissioner of DNR to consider operating costs unique to the material source in setting appraised fair market value. This includes allowing adjustments for benefits accrued to the state for a road that will remain after the sale is concluded.

Since DNR is requiring the first portion of the road to be available permanently for public use after the mine's life, and for other commercial uses such as timber harvest from the Tanana Valley State Forest during the mine's life, DNR will make adjustments to the fair market value price of \$1.00 per cubic yard. Upon completion of mining, Teck-Pogo's reciprocal agreement for maintenance, construction and use of the road will be terminated and DNR will have sole responsibility for the road. The agreement will require that the road is returned to DNR in an acceptable condition. The estimated construction costs for this portion of the road are approximately \$8 million. Using a rough estimate of 235,000 cy of material in this portion of the road, the cost of the material, at \$1/cy is \$235,000. The State is receiving a net benefit of more than \$7.75 million related to the road itself. Accordingly, DNR is adjusting the fair market value price downward by \$0.50 to account for the benefit to the state. DNR will charge Teck-Pogo the administrative base price of \$0.50 per cubic yard for any material used on the public portion of the road.

Teck will be required to provide DNR with material sale accounting records that show how much gravel was used on the public portion of the road and on the private exclusive section.

## **Agency Comments and Public Notice**

### **A. Public Participation**

Agency review was conducted as part of the Public Notice pursuant to AS 38.05.945. Notice pursuant to AS 38.05.945 and .946 was sent to the regional Native corporation, Doyon, Inc. This decision was included as an appendix in the Draft Environmental Impact Statement (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 and 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.

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 (see Tanana Basin Area Plan above).

## **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 material sales proposed by the applicant.

Three comments were submitted that addressed the material sales directly:

**1) Material Site #2.** Material site #2 should not be in the flood plain, and there are better material sources available from the private sector.

**Response.** Material Site # 2 has been dropped from consideration. DNR cannot mandate where Teck-Pogo would purchase its gravel. If there were a private source of gravel available, that would be a matter strictly between the owner of the gravel and Teck-Pogo. It is the State's policy, however, to make its natural resources available for public use, and DNR routinely offers gravel for sale. DNR has determined that offering materials for sale will best serve the interests of the state. These material sales will facilitate the construction of access roads and the Pogo Mine project itself. The state's interests are adequately protected by the terms and conditions attached to the material sales, and the state will get a fair return for the use of the materials and a public road into the Tanana Valley State Forest.

**2) Reclamation as Stocked Ponds.** Two commentors suggested that the material sales be reclaimed as ponds, and stocked with fish.

**Response.** With the exception of Material Site #1, the sites are all upland sites. Material Site #1 is a DOT/PF material site that will continue to be used by DOT/PF and others until the material at this site is exhausted. DNR will work with Teck-Pogo and the Department of Fish and Game to develop specific reclamation plans for each material site. Some sites may need to be kept for an extended period of time for road maintenance purposes on the permanent section of the road. While DNR agrees that this may be an acceptable reclamation plan for some of the sites, it is not feasible at this time to determine which sites, if any, would be appropriate for stocked ponds.

## **Discussion**

These 22 material sales will be offered for the express purpose of providing a materials source for the construction of the 49-mile access road to support the proposed Pogo Gold Mine Project. The exact number of material sites to be used during construction will be refined during more detailed design and field investigations. Teck-Pogo will be required to obtain DNR's approval to proceed prior to opening a material site. Teck-Pogo has identified more material reserves in the 22 material sites than is necessary to complete this project. Teck-Pogo recognizes that some sites may not be opened or developed to the extent identified. Material from these sites may be used in the development of the Millsite Lease parcel. If so, the material would be purchased at the rate determined by the competitive auction.

Teck-Pogo has applied for authorizations to develop an underground mine at the Pogo site. The estimated geological resources are about 5.6 million ounces of gold, and the project would employ up to 700 workers during construction and up to 360 workers during operation. The proposed mine would use a cyanide floatation process to extract the gold, and the tailings would be placed both back underground, or in a drystack facility in the Liese Creek valley. The Pogo mine will operate 24 hours a day, 365 days a year. Development of the mine is projected to start in the summer of 2003, and the mine construction would take approximately two years. The mine is anticipated to have a life of at least 11 years.

Because the first 23 miles of the proposed Pogo Mine access road will be open to use by the public after the mine's life, and to other commercial users, including timber harvesting activities within the Tanana Valley State Forest and adjacent state lands, and because this portion of the road will not be reclaimed and will remain for these uses after the mine's life, the state will benefit from the construction of this portion of the road. In fact, if the Pogo Project were not to construct the access road, the Division of Forestry would then construct this portion of the road at state expense.

Material Site # 1 is an existing DOT/PF material site, and contains enough materials to supply the needs of DOT/PF, Teck-Pogo, and other users such as Alyeska Pipeline Service Co. However, to ensure highway stability and to avoid conflicts with other users of this site, DOT/PF has requested that DNR include special stipulations for mining in this site. These are included in this Final Finding and Decision as Attachment 4.

### **Competitive Auction**

DNR will conduct a competitive auction for these materials as required by statute. DNR determined that sale by public auction is in the best interests of the state. DNR will prepare the auction brochure, provide public notice of the auction, and hold the auction. The auction will recognize the minimum bids of \$1 per cubic yard for material used on the private exclusive right-of-way and the minimum bid of \$0.50 per cubic yard for material used on the public portion of the road. Bidding will be for the incremental increase in cubic yard price above the minimum bid for the public portion of the road, and above the minimum bid for the private exclusive right-of-way portion of the road. In this way, one auction can be held for this request. The material will be sold to the highest qualified bidder.

### **Final Finding and Decision**

Based on the entire record, the substantial benefits the state will receive from the sale and development of the Pogo Mine Project, and the fact that the state's interests are adequately protected by the attached stipulations, I find the proposed action is in the state's best interest and is hereby approved. The contract of sale will specify that the materials shall be used for construction of the Pogo Mine access road, and that it is subject to the special stipulations shown on Attachments 3 and 4.

\_\_\_\_\_/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 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

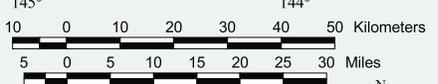
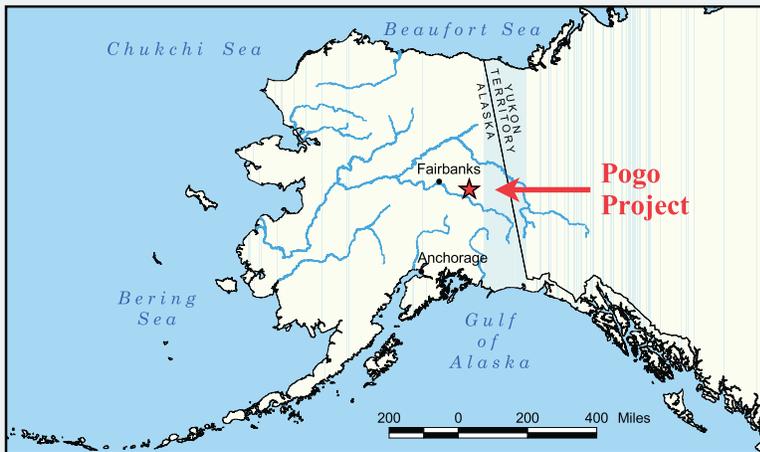
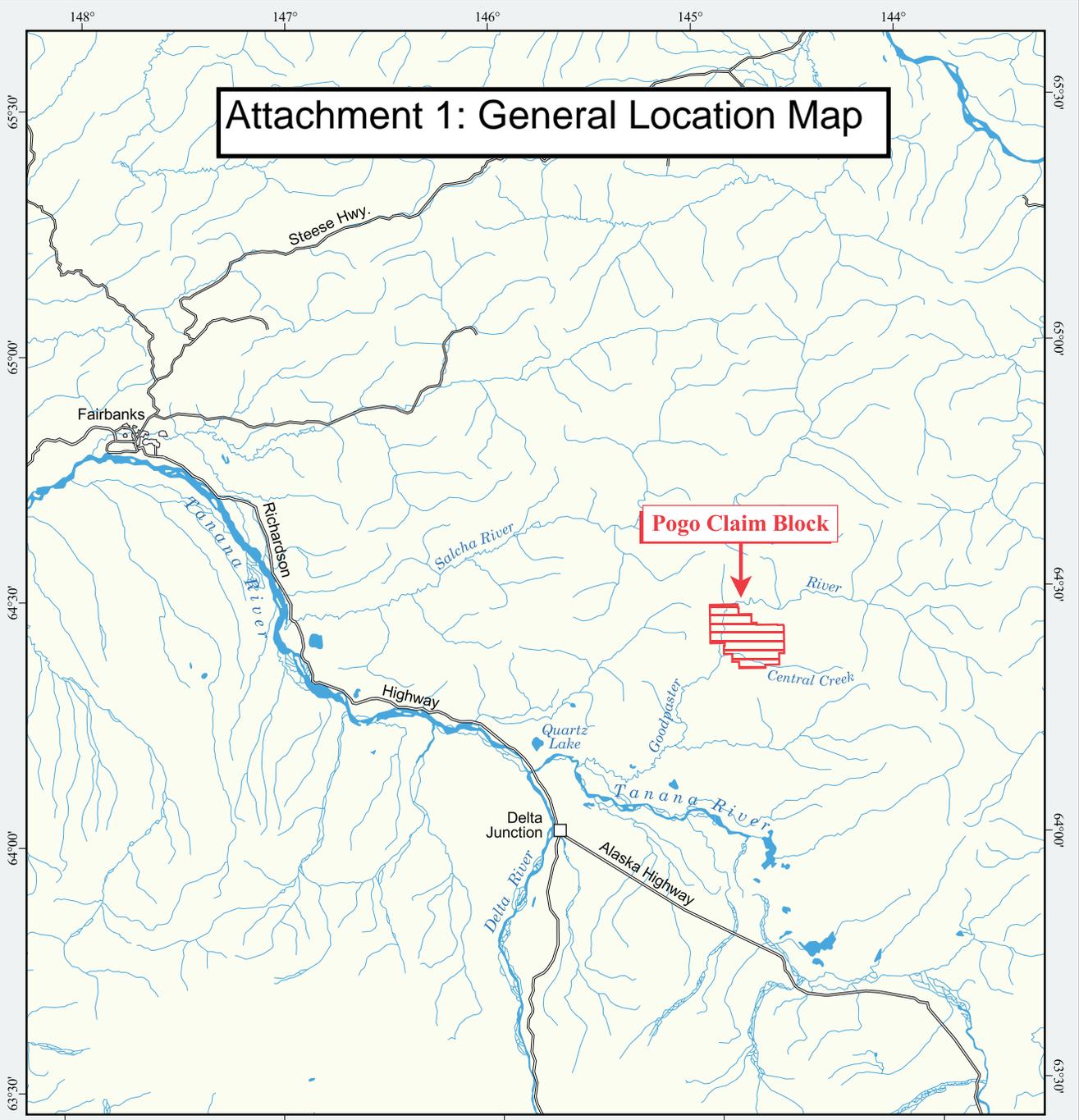
Attachment 1: General Location Map

Attachment 2: Maps of the Proposed Access Road showing Material Site Locations

Attachment 3: Special Stipulations

Attachment 4: DOT/PF Stipulations for Material Site #1

# Attachment 1: General Location Map

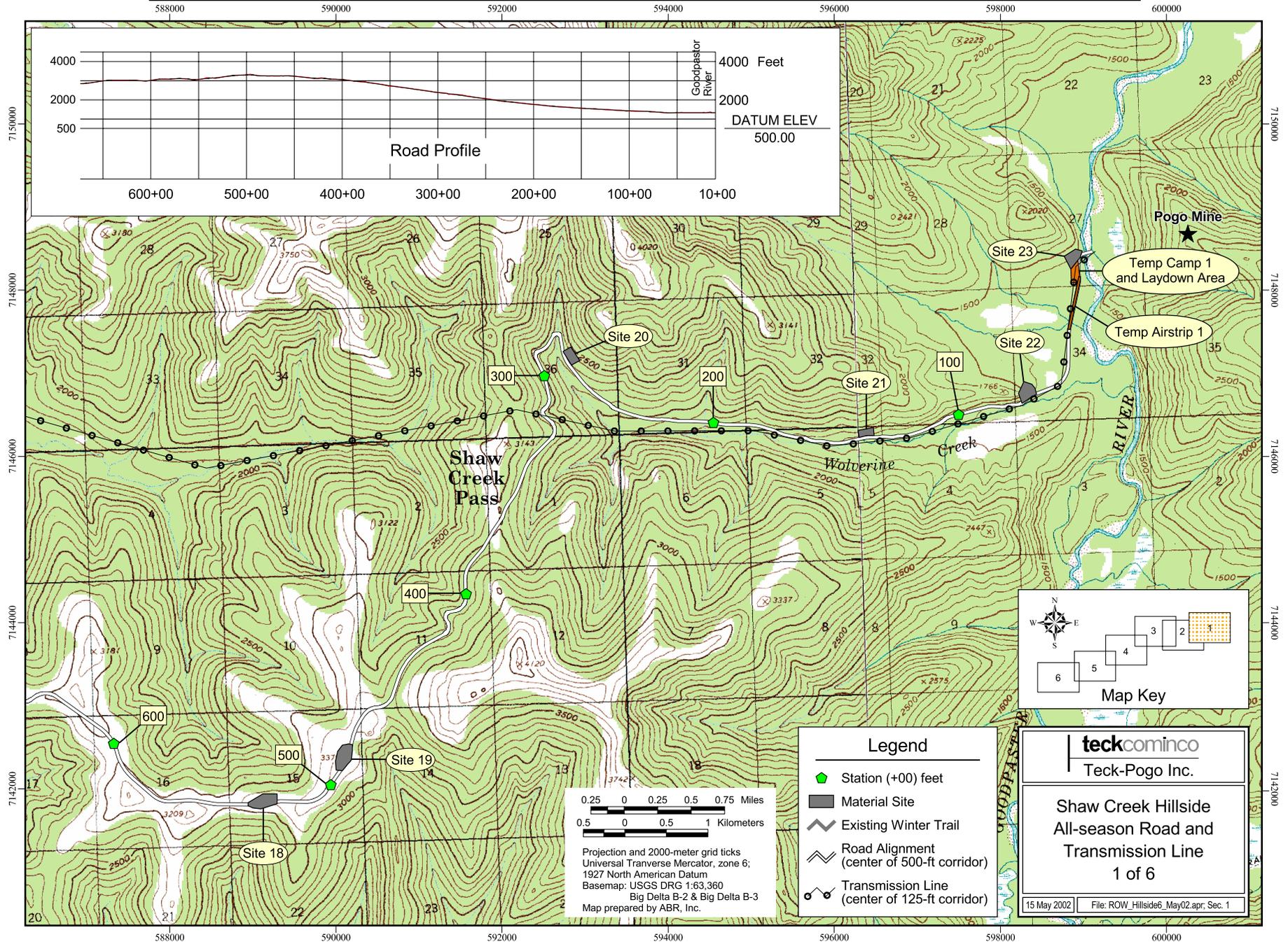


Map base: US DMA DCW  
 Projection: UTM Zone 6;  
 Datum: NAD 27

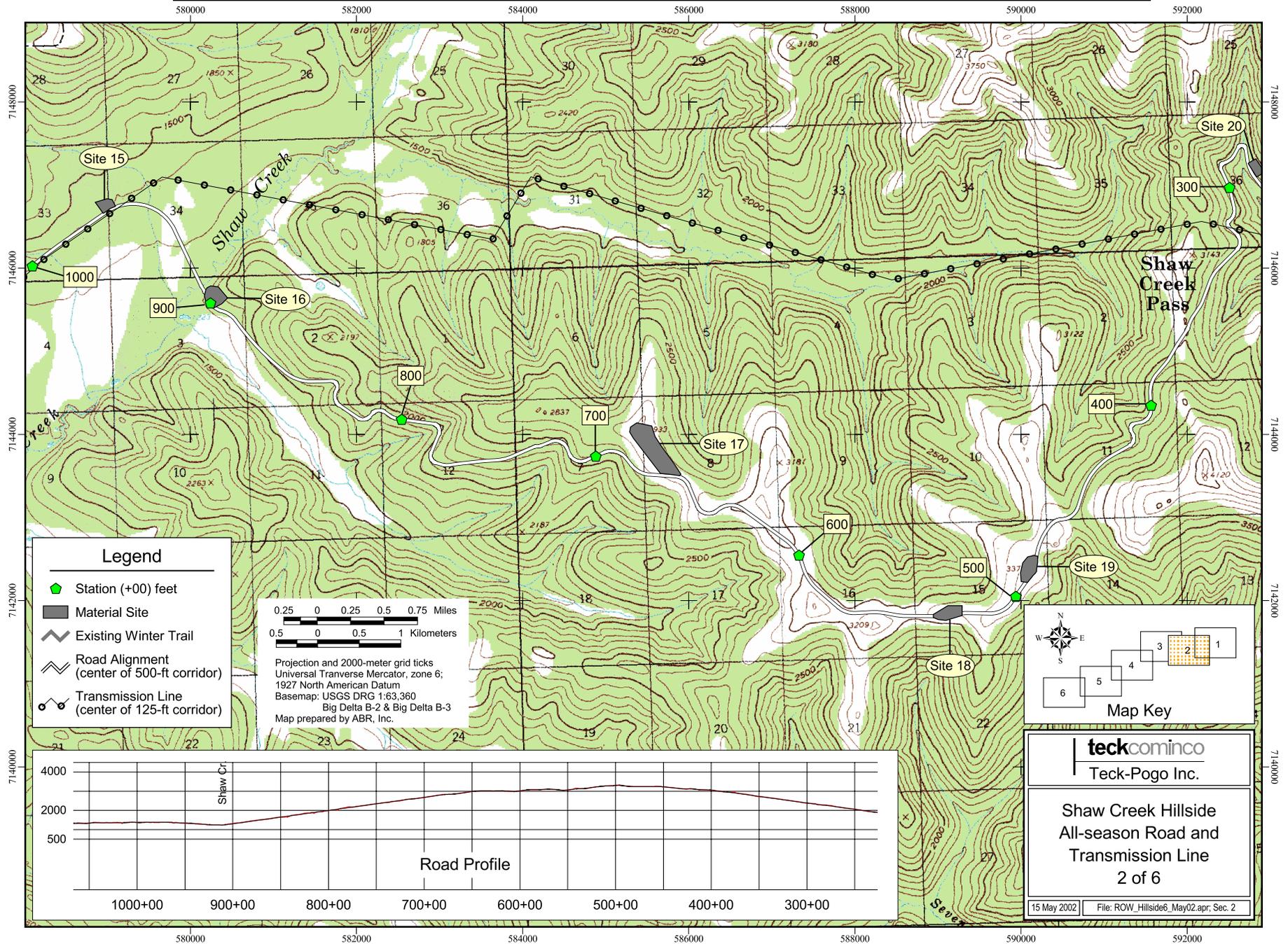


<b>Pogo Mine EIS</b>	
Figure 1.3-1 Pogo Project General Location Map	
map prepared by: <b>ABR</b> environmental research & services	
19 Aug 2002	ABR File: Pogo_PDEIS_Chapter1.apr

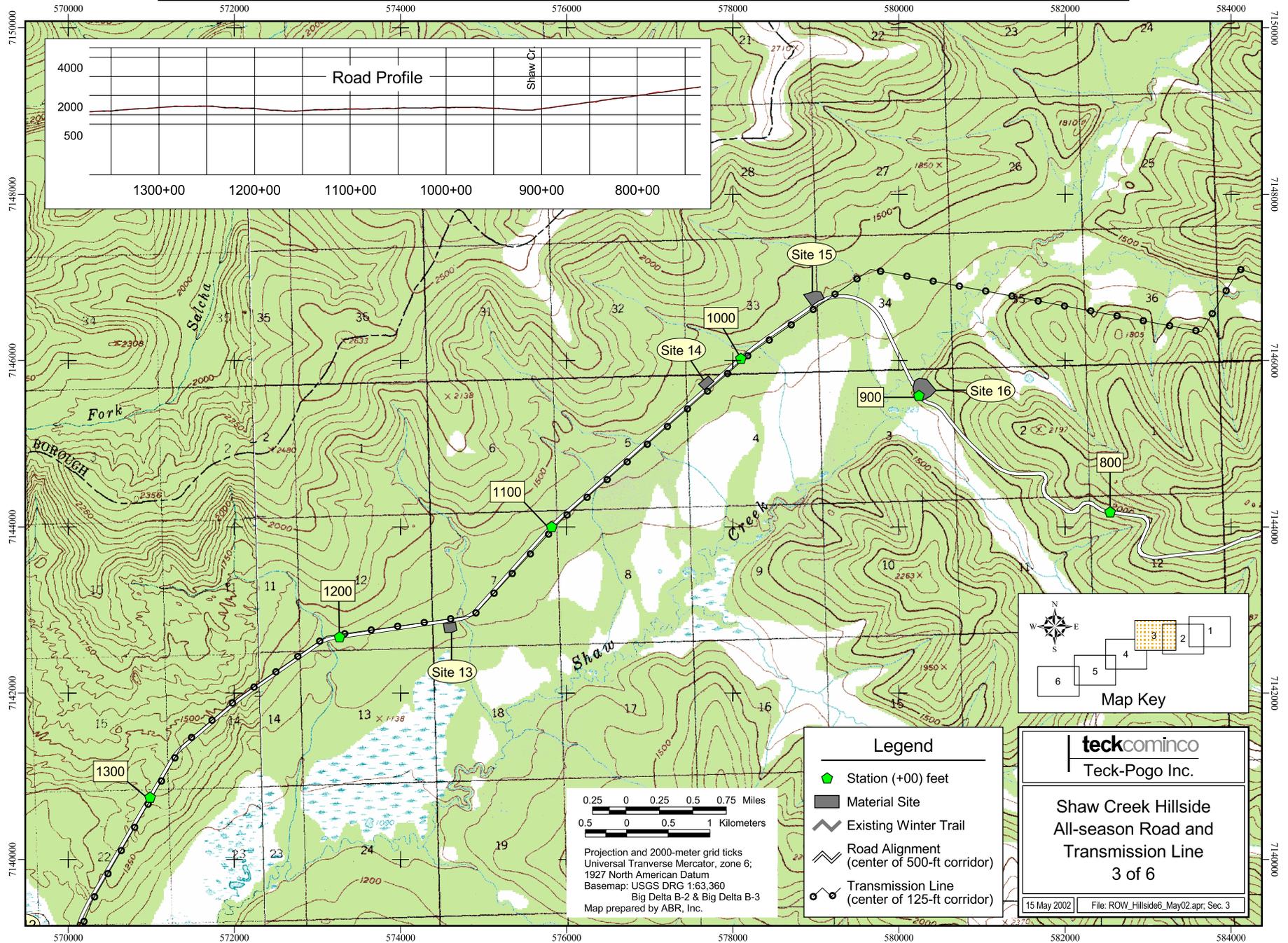
# Attachment 2: Maps of the Proposed Access Road Showing Material Site Locations (Map 1 of 6)



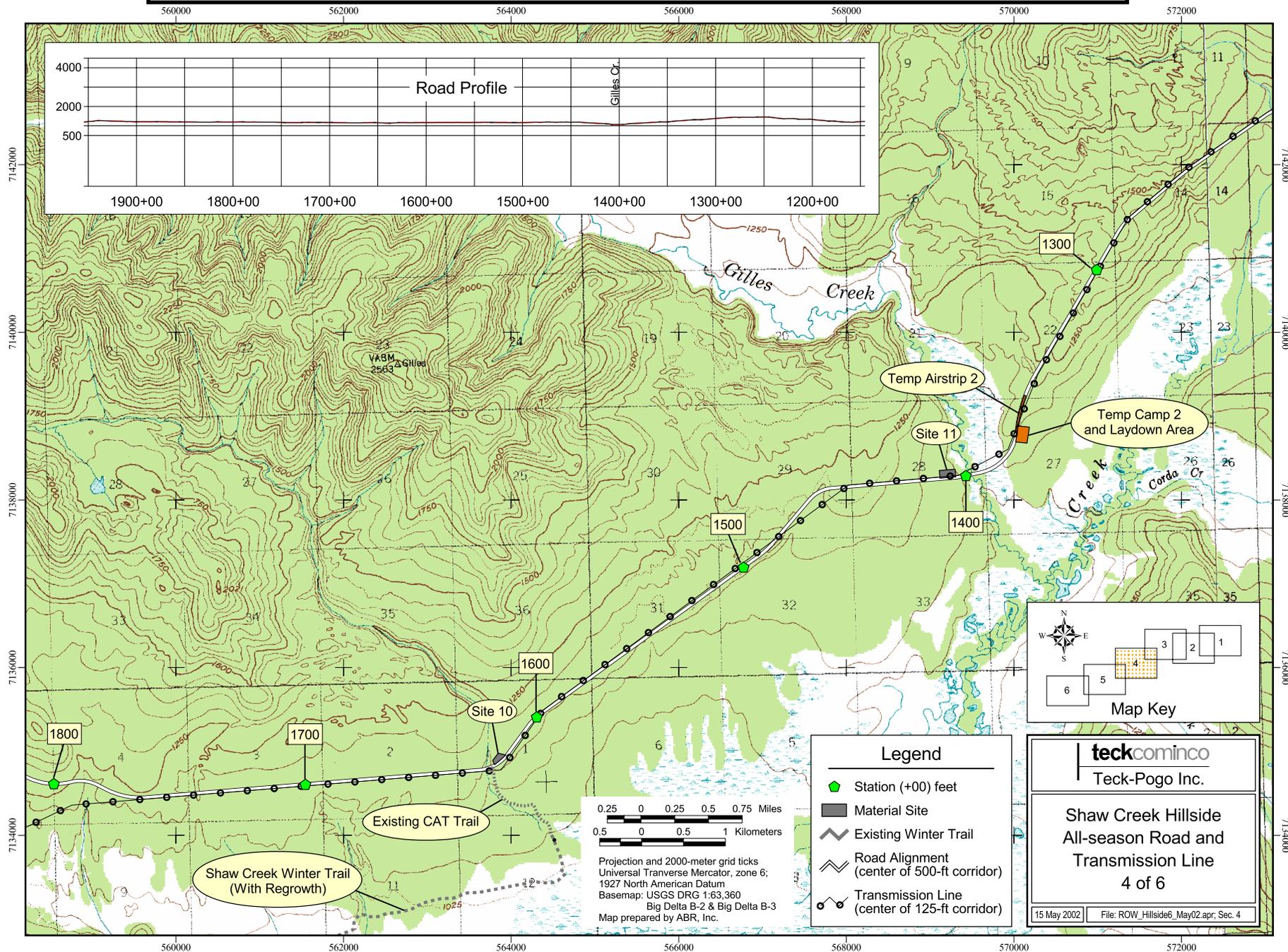
# Attachment 2: Maps of the Proposed Access Road Showing Material Site Locations (Map 2 of 6)



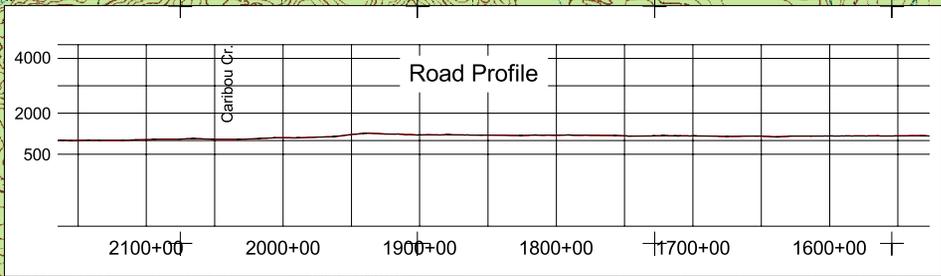
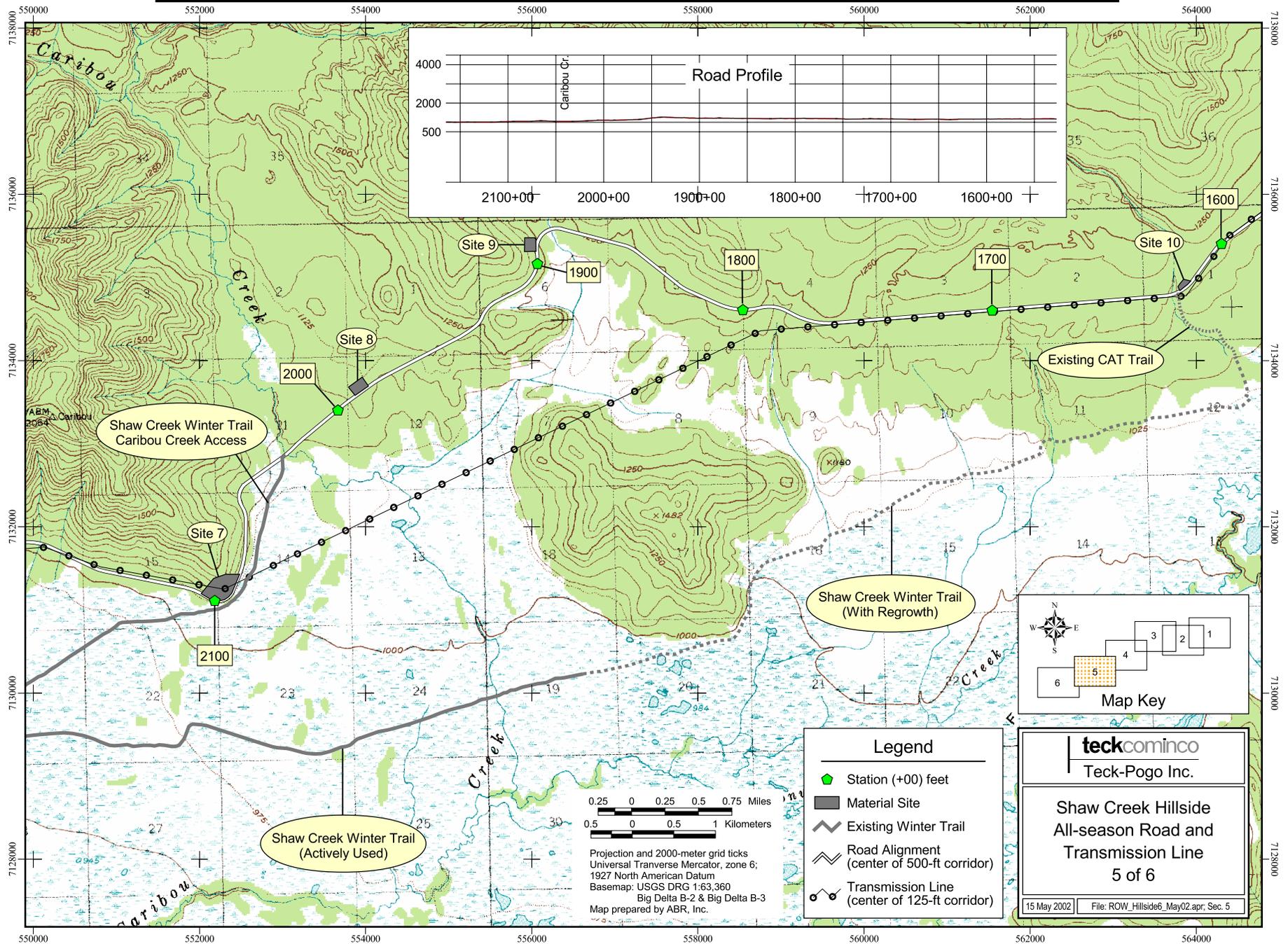
# Attachment 2: Maps of the Proposed Access Road Showing Material Site Locations (Map 3 of 6)



# Attachment 2: Maps of the Proposed Access Road Showing Material Site Locations (Map 4 of 6)



# Attachment 2: Maps of the Proposed Access Road Showing Material Site Locations (Map 5 of 6)



**Legend**

- Station (+00) feet
- Material Site
- Existing Winter Trail
- Road Alignment (center of 500-ft corridor)
- Transmission Line (center of 125-ft corridor)

**Map Key**

The map key shows a grid of six numbered boxes (1-6) with box 5 highlighted in orange, indicating the location of this map within a larger project area.

**teckcominco**  
Teck-Pogo Inc.

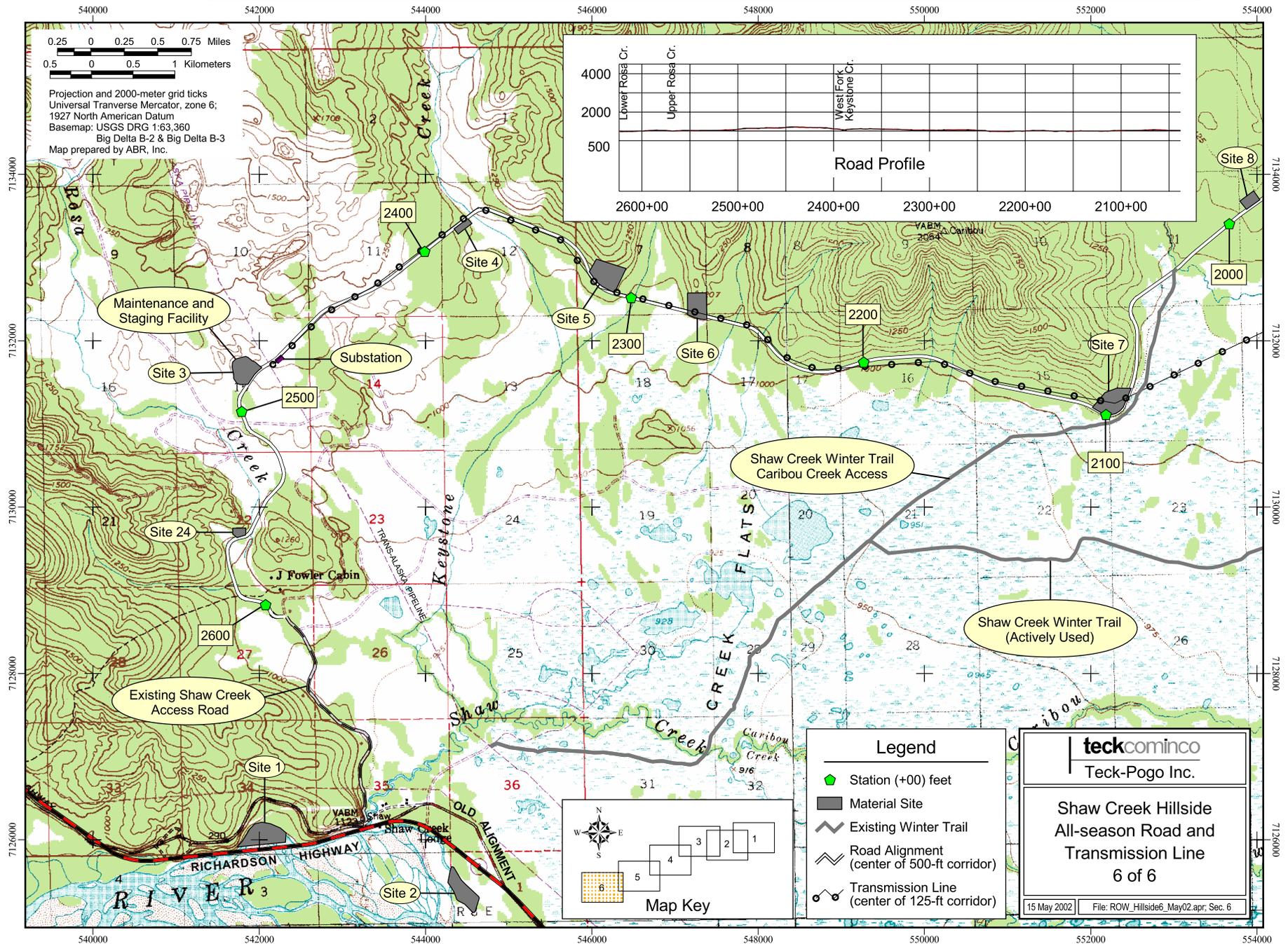
**Shaw Creek Hillside  
All-season Road and  
Transmission Line  
5 of 6**

15 May 2002 File: ROW\_Hillside6\_May02.apr. Sec. 5

0.25 0 0.25 0.5 0.75 Miles  
0.5 0 0.5 1 Kilometers

Projection and 2000-meter grid ticks  
Universal Transverse Mercator, zone 6;  
1927 North American Datum  
Basemap: USGS DRG 1:63,360  
Big Delta B-2 & Big Delta B-3  
Map prepared by ABR, Inc.

# Attachment 2: Maps of the Proposed Access Road Showing Material Site Locations (Map 6 of 6)



**ATTACHMENT 3  
SPECIAL STIPULATIONS – ADL 416816**

1. **Use of Material.** This contract authorizes the excavation and use of up to 470,000 cy of material for the express purpose of ***providing material necessary for construction of the Shaw Creek Hillside All-Season Road which will provide access to Teck-Pogo's Pogo Gold Mine Project. The material may also be used within the Millsite Lease boundary.*** The buyer will be required to provide DNR with records of material usage specifically accounting for volumes used on the first portion (from Shaw Creek Road to the Gilles Creek Bridge) and the second portion (from the Gilles Creek Bridge to the Goodpaster River Bridge) of the road.
2. **Extraction Area.** This contract authorizes removal of material only from the area defined in Section 1(a) of this contract. The buyer is responsible for the properly locating the material site and the working limits within that area, as shown on the attached map. The buyer may not proceed to develop a site until DNR authorizes such action in writing.
3. **Compliance.**

All material extraction operations, including completion, must comply with the Special Stipulations of the contract and the approved Mining and Reclamation Plans for these material sites. The Special Stipulations of the contract take precedence over the approved Mining and Reclamation Plans should a contradiction exist. Teck-Pogo, Inc. is the primary operator and is responsible for the mining and reclamation plans for these material sites.

The buyer shall inform and insure compliance with the provisions of this contract by its agents, employees, and contractors, including subcontractors, at any level.

4. **Reclamation and Mining Plans.**

**Mining.** During the term of the contract, mining of the materials shall be conducted in accordance with the approved mining plan. Mining plans will be submitted, in writing, for approval on a site-by-site basis.

**Reclamation.** Upon expiration, completion or other contract termination, the material site shall be reclaimed in accordance with the approved reclamation plan. Slope gradient from the upper floodplain, cut to the low water level, shall be smoothed such that no holes remain, drainage shall be restructured as necessary, along with other procedures that will be used to stabilize and reclaim the area.

**Forest Practices.** Activities within the Tanana Valley State Forest shall comply with 11 AAC 95.325 and .335.

5. **Site Operations.** The buyer is responsible for all aspects of material extraction and transport. Any survey stakes or markers that are damaged or removed must be replaced at the buyer's expense. The work area will be maintained in a neat, clean condition, free of any solid waste, debris or litter. The disposal of hazardous substances or hydrocarbons is prohibited. After completion, expiration, or termination of the contract, the site will be left in a condition that is acceptable to the Division of Mining, Land & Water, and reclaimed in accordance with the approved reclamation plan.
6. **Excess Extraction.** Material extraction in excess of the contract amount will be considered taken in trespass and at the discretion of the Director, Division of Mining, Land & Water, charged to and paid for by the buyer at no less than triple the unit contract price or up to three times the

pecuniary gain realized by the buyer as a result of the trespass. Said trespass penalties are in addition to any other administrative or legal proceedings imposed by state law.

7. **Other Authorizations.** The issuance of this authorization does not alleviate the necessity of the buyer to obtain authorizations required by other agencies for this activity.
8. **Alaska Historic Preservation Act.** The buyer 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. **Water Quality.** The buyer will comply with State of Alaska water quality standards under 18 AAC 70, including discharge standards when conducting material washing operations.
10. **Vehicle Maintenance.** Vehicle maintenance will be performed only over an effective impermeable barrier.
11. **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 buyer'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 of 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.**

**"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. Manifoldded tanks or any tanks in a series must be considered as a single container. Vehicles tanks, including mobile seismic tanks, are not intended to be included under this definition.

**"Hazardous substance"** is defined under AS 46.03.826(5) 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 and 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).

**"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.

**"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.

12. **Notification.** The buyer 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.

All fires and explosions must also be reported. The DNR 24-hour incident notification number is (907) 451-2678; the fax number is (907) 451-2751. DNR or the appropriate land manager and DEC shall be supplied with all follow-up incident reports. The DEC oil spill report number is (800) 479-9300.

13. **Fire Prevention, Protection, and Liability.**

- a. **Liability.** The permittee shall take all reasonable precautions to prevent, control, 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. **Instruction.** Prior to construction, all personnel shall be instructed on fire protection measures, including these stipulations and the provisions of AS 41.15.010-.950 (Public Resources, Protection of Forested Lands) and 11 AAC 95.400-.490 (Forest Resources and Practices, Forest Fire Protection).
- c. **Burning permit year-round.** The permittee shall obtain a burning permit before engaging in any burning under this authorization. Teck-Pogo shall notify, in accordance with the permit, the Delta Area Forestry Office before engaging in any large-scale burning (i.e., larger than a 10' by 10' pile) on a year-round basis, and before any burning, regardless of the size of the burn, from May 1<sup>st</sup> to September 31<sup>st</sup>. Burning permits may be obtained from the Delta Area Forestry Office. Any burning requiring notification to Delta Area Forestry shall be attended at all times.
- d. **Fire danger level check.** From May 1<sup>st</sup> to September 31<sup>st</sup>, fire danger levels (Low, Moderate, High, Very High, and Extreme) shall be checked on a daily basis with the Delta Area Forestry Office at 895-4225.
- e. **Cooking and warming fires.** From May 1<sup>st</sup> to September 31<sup>st</sup>, cooking and warming fires are prohibited except at the center of fire safe areas (such as mineral soil or gravel areas with a minimum size of 15' by 15') or with approved (by the Division of Forestry) cooking appliances/incinerators, which would prevent the escape of flying embers. Fires should be attended at all times and extinguished immediately after use. If the fire danger level reported by the Delta Area Forestry Office for this area is at High, Very High or Extreme, open flames, including debris burning, cooking and warming fires (including fires in fire-safe areas or with approved cooking appliances/incinerators), are prohibited under this authorization.
- f. **Timber Clearing.** During Extreme conditions, timber clearing shall be suspended.
- g. **Equipment precautions.** All power saws, chain saws, brush cutters, vehicles, aircraft, and any other equipment with exhaust particles that might be exposed to forested land (land on which grass, brush, timber, and other natural vegetative material grows) shall be equipped with a spark-arresting device that complies with 11 AAC 95.480. Vehicles and aircraft used in forested land must have their exhaust manifolds far enough from forested ground to avoid igniting combustible material.
- h. **Smoking materials.** Cigarettes, cigars, and other smoking materials are prohibited except for inside vehicles or at the center of areas that are fire safe. Fire safe areas are areas down

to the mineral soil (whether cleared or naturally occurring) with a minimum size of 15' x 15'. Cigarette butts, cigar butts, and other smoking materials must be extinguished and dropped into the smoker's hand and felt for embers before being discarded into a suitable receptacle for the disposition or reception of burning material.

- i. **Fire suppression tools and water on site.** From May 1<sup>st</sup> to September 31<sup>st</sup>, tools and water should be kept onsite to control any fire that may start on forested land. There should be 2 full backpack pumps (fedcos) for each work party, and each crewmember should have a hand tool (e.g., Pulaski, shovel, ax, etc.) and personal protective gear (at a minimum, gloves and a hardhat). Each crewmember operating a chainsaw or similar equipment should be equipped with a personal fire extinguisher.
- j. **Communications.** Work crews shall have radios and/or cell phones capable of communicating with each work party and/or the Division of Forestry's Delta Area Dispatch. Uncontrolled fires shall be reported immediately to the Division of Forestry's Delta Area Dispatch at (907) 895-4227 (fire line).
- k. **Flares or fusees.** From May 1<sup>st</sup> to September 31<sup>st</sup>, flares or fusees are prohibited except for use as an emergency signaling device and then, only over fire safe areas (15' x 15' mineral soil).

#### 14. Forest Resources.

- a. Clearing of vegetation shall be kept to the minimum necessary to develop the material site. Clearing shall only occur within the authorized area.
- b. 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.
- c. Minimum Salvage Specifications.
  - 1) Merchantable spruce 9" DBH and over will be salvaged from all areas being cleared.
  - 2) Merchantable aspen 10" DBH and over will be salvaged from any material site up to the eastern side of the Division of Forestry timber sales at road station 2200.
  - 3) Merchantable birch 10" DBH and over will be salvaged from any material site up to the to road station 1650 (approximately 3 miles west of Gilles Cr).
  - 4) Merchantable trees will be severed from the stump while standing, topped at 6 inches diameter or at 40 ft. 6 in. length, whichever is longer, and limbed. Stems will not be further sectioned unless needed to achieve legal highway length or to remove defect as approved by the Forester in Charge. Any significant volumes of merchantable timber the Permittee uses for construction may be measured by the Division of Forestry and paid for at the bid rate for the Keystone Timber Sale. Fire killed timber may be used at no charge.
- d. Log storage yards. All merchantable timber must be removed to an approved log storage yard. Merchantable timber must be sorted and decked by species. Log yards must have all season access and accommodate efficient loading of timber.
- e. Keystone Timber Sale. All logs from clearing within the Keystone Timber Sale must be decked in the sale area or stored separately from other salvage timber. Merchantable timber that is decked or stored must be sorted by species.
- f. Log quality. Log handling, yarding, transportation and storage must preserve the quality of the timber. The logs will be kept clean of dirt and not damaged by equipment.
- g. Salvage volumes. The Forester in Charge will determine the volumes of timber to be salvaged in any given area based upon the density of merchantable timber in the area and market conditions. Minimum merchantable timber specifications are defined in c above.
- h. Forester in Charge. The Division of Forestry will designate a Forester in Charge for all timber clearing operations and related road construction. During business hours, the Forester in Charge can be contacted at 895-4223.

15. **Timber sales.** The Division of Forestry plans to sell the salvaged timber from the storage yards or as soon as practical. The Division of Forestry will coordinate the transportation of any timber along the winter roads or Pogo Mine Access Road with the Permittee through the Forester in Charge.

- a. DNR will provide Teck-Pogo with the names of all authorized users of the road, the period of time that the authorizations are in effect, and the authorized time, type, and location of the road use.
- b. DNR will require authorized users to repair or pay for damages attributed to their use of the road, subject to prior notification and consultation with the Permittee.
- c. DNR will notify Teck-Pogo before an authorized user can conduct any maintenance of the road, subject to prior notification and consultation with the Permittee.
- d. Authorized users will abide by all of Teck-Pogo's safety, traffic, and communication procedures.
- e. Authorized users must provide financial assurance in the form of a bond or similar mechanism that will guarantee repairs to the road in the event of significant damage.
- f. Intersections of any spur timber roads with the Pogo Mine Access Road must be designed in accordance with Teck-Pogo's design requirements, and must be signed appropriately.
- g. Teck-Pogo may temporarily restrict use of the road during times of heavy use or during periods with adverse road conditions.

# MEMORANDUM

**State of Alaska**  
**Department of Transportation & Public Facilities**  
**Northern Region Design & Engineering Services**

**TO:** Gerald J. Rafson, P.E.  
Planning Manager  
Northern Region

**DATE:** October 24, 2003

**FILE NO:**

**TELEPHONE NO:** 451-2228

**FAX NO:** 451-2353

**FROM:** Diana Solie, Ph.D., CPG  
Regional Geologist  
Northern Region

**SUBJECT:** Material Site 62-4-163-2  
Teck-Pogo permit request

Teck-Pogo has applied to the Department of Natural Resources (DNR) for permission to obtain 150,000 cubic yards of material from material site 62-4-163-2. This is a 27.75-acre site, located at about MP 287 Richardson Highway. It is in the floodplain of the Tanana River between the toe of a hillside and the highway. DOT&PF shares the use of the material site with Alyeska (49-3). It is a good source of alluvial sandy gravel which has been used successfully on past projects. Therefore, DOT&PF has a strong interest in maintaining the long-term usefulness of material site 62-4-163-2.

The DOT&PF Materials Section requests that DNR stipulate the following in their permit to Teck-Pogo:

- Of primary importance is the stability of post-mining embankments. Therefore, final excavated or regraded underwater slopes of no steeper than 2H:1V must be maintained along the side of the pond adjacent to the Richardson Highway.
- The top of the final excavated 2H:1V slope should not encroach within 150 feet of the Richardson Highway centerline. The 150-foot offset is relative to a  $\leq 40$ -foot expected mining depth relative to the toe of the highway embankment. If the mining depth increases, an additional 20 feet of offset should be added for each 10-foot increase in depth.
- The area between the embankment and the pond should be maintained at a shallow slope, and not mined.
- The access road and staging/work area must be maintained in usable condition at all times.
- Teck-Pogo and/or their contractors must coordinate with other users who may need access to the site. The DOT&PF Maintenance & Operations foreman for the area should be notified prior to working in the site.
- There are dikes/work areas that extend into the ponded portion of the site. These may be reconfigured to suit the mining plan, but access to the ponds must be restored at the end of mining such that future mining of remaining material is practicable.
- Teck-Pogo plans deep excavations to obtain the quantity of gravel they require. We favor this plan, but the deep excavation must be situated such that it does not obstruct future access to material from the site.
- We recommend that long-term pumping or complete dewatering of the pond not be permitted, as there is a possibility that this would cause localized and aggressive water flow from the Tanana River under the highway toward the pit, leading to potential road instability.

- The DOT&PF Materials Section should be given the opportunity to review the mining plan before mining begins.

DNS/lb

cc: Leo Woster, P.E., Materials Engineer, Northern Region  
Ernie Siemoneit, P.E., Geotechnical Engineer, Northern Region  
Shari Howard, ROW Agent III, Northern Region