

Chuitna Coal Project Status Update for December 2007

Community Information meetings

On December 13, the Department of Natural Resources hosted a community information meeting in Anchorage to update the residents on the current status of the Chuitna Coal Project and listen to concerns raised by the public. The meeting was attended by forty-two members of the public along with representatives from the Division of Mining, Land and Water, Office of Habitat and Permitting, Office of Project Management and Permitting, Trust Land Office and the Office of the Governor.

Other State and Federal Permit

In addition to ASCMCRA permitting requirements, the Chuitna Coal Project must address the concerns of other state and federal agencies. As part of the Department of Natural Resources statutory roll as lead agency in matters relating to exploration, development and management of mining activities, the state's Office of Project Management and Permitting developed a document describing some of the permits and approvals to help the public understand the permitting of mines in Alaska. This document and other useful information is available on the web at:

<http://www.dnr.state.ak.us/mlw/mining/largemine/index.htm>

Petition to Designate the Chuitna River Watershed Unsuitable for Surface Coal Mining Operations

On June 14, The Trustees of Alaska, on behalf of local citizens and conservation groups filed a petition to designate the Chuitna River Watershed (approximately 150 square miles) as unsuitable for surface coal mining based on the follow allegations.

1. Reclamation in accordance with ASCMCRA is not technically feasible.
2. Mining operations will affect fragile land and could result in significant damage to important cultural, scientific, and aesthetic values and natural systems.
3. Mining operations will affect aquifer renewable resource land in which the operations could result in a substantial loss or reduction of long-range productivity of water supply or food or fiber products.
4. Mining operations will affect areas subject to frequent flooding and areas of unstable geology, or other natural hazard land in which the operations could substantially endanger life and property
5. The identified lands are not exempt from designation as unsuitable for coal mining operations.

On July 16, the Commissioner of DNR made a completeness determination, and found the following points.

1. LMU-1 lands are ineligible from the petition process, on the grounds that they had previously been reviewed, underwent a comment period, and a decision to issue the permit was made.
2. The petition regarding the remainder of the "Chuitna River watershed" is incomplete, because the petitioner's do not adequately describe how their interests are adversely impacted within the Chuitna Watershed.

3. The petition is frivolous because it covers too sweeping and arbitrary an area unsupported by evidence that reclamation of wetlands cannot be accomplished.
4. The petition is frivolous because, it assumes that applicable standards and regulations for surface coal mining operations cannot prevent the harms claimed in the allegations.

On August 6, Trustees for Alaska, on behalf of the Petitioners requested that the Commissioner reconsider his decision. On August 13 the request for reconsideration was granted. The Commissioner's review is currently ongoing.

Chuitna Coal Project

The Chuitna Coal Project permit application package has been organized into four distinct sets of documents (see attached table) and includes:

Ladd Landing and Development (LLD)

No coal will be mined at Ladd Landing Development area. However, these facilities are proposed to be located in Sections 19, 20, 28, and 29 Township 12 North, Range 10 West of the Seward Meridian to support the operations of the Chuitna Coal Mine. Annual coal production from this surface mining operation would be approximately 12 million metric tons per year for approximately 25 years of mine life. The facilities at Ladd Landing Development are designed for an annual throughput capacity of 15 million metric tons per year (MMTpy). Generally, a minimum quantity of coal is proposed to be stockpiled to ensure that adequate coal is available for loading customers' ships. The stockpile volume would range from 125,000 to 500,000 metric tons. Ship loading operations would be carried out so that most of the coal would be shipped directly from the mine at a rate of 4,000 metric tons per hour with remaining from the coal stockpile at 2,000 metric tons per hour. As a result, approximately one third of the coal loaded would be removed from the stockpile to load a ship. Once a ship is loaded, stockpiling of coal would resume, returning the stockpile quantity to the estimated minimum of 125,000 metric tons.

Chuitna Project Infrastructure (CPI)

No coal would be mined at the Chuitna Project Infrastructure corridor. However, these facilities located in Sections 6, 7, and 18 Township 12 North, Range 10 West, Section 31 Township 13 North, Range 10 West, and Sections 31, 32, 33, 34, 35, and 36 Township 13 North, Range 11 West of the Seward Meridian would be to support operation of the Chuitna Coal Mine. Facilities proposed include housing and an airstrip, access road, power transmission line, and coal transport conveyor. The housing and airstrip facilities would be located in close proximity to the Chuitna Coal Mine and include single status housing for the project operating workforce and an airstrip for transport of personnel and small equipment to and from the Project Area. The mine access road is an all weather road connecting the Mine with Ladd Landing on the coast of the Cook Inlet over a distance of approximately 20km (12 mi). The road would be used during development/construction of the Chuitna Coal Mine and the Housing & Airstrip facility and during operations to transport equipment and operating supplies to and from Ladd Landing. The coal transport conveyor is proposed to be a covered overland coal transport conveyor with an annual throughput capacity of 15 MMTpy. The power transmission line would be a high voltage transmission line from the nearby Beluga Power Station to Ladd Landing and the Mine.

Chuitna Coal Mine (CCM)

The proposed Chuitna Coal Mine would be a surface coal mine that is designed to remove coal from an area located in Sections 14-15, 21, 22-28, and 33-36 of Township 13 North, Range 12 West of the Seward Meridian which is under lease by PacRim Coal. The life of operations is projected to be approximately 25 years of coal production plus the time required for development and final closure. Development activities prior to mining are projected to encompass two calendar years. Throughout the life of the mine, the project would be required to do contemporaneous reclamation (backfilling, grading, topsoil replacement, seeding and planting, stream reconstruction) of areas disturbed by the mining operations. After mining ceases, final closure would include any remaining reclamation and long term monitoring. Most of the reclamation work would be completed in the first 2-3 years after cessation of mining, with site maintenance, monitoring, and final reclamation bond release to be completed 10-15 years after coal production ceases.

Chuitna Coal Project (Baseline)

This set of documents represents the baseline data that has been or is currently being collected to define the natural conditions of the effected and adjacent areas of the project components. This information is required to develop operation and reclamation plans to avoid, minimize, or mitigate impacts. All baseline study reports submitted to date have been in draft format.

Status of the Chuitna Coal Project

During the month of December, no additional project items have been submitted by PacRim. The attached table shows what PacRim has submitted as of December 31, 2007.

The AK Dept of Natural Resources and the U.S. Environmental Protection Agency has requested additional baseline studies of freshwater fish in the project area to address permitting, mitigation and NEPA issues. PacRim submitted a draft study plan to address these issues. This plan is currently being reviewed by the Office of Habitat and Permitting, Department of Fish & Game, Division of Mining, Land and Water, U.S Fish and Wildlife Service, U.S. Environmental Protection Agency, and National Marine Fisheries and a more detailed plan has been requested for review by the agencies.

At this time a complete permit application package for the Chuitna Coal Project has not been submitted to the Division and no formal review under AS 27.21 and 11 AAC 90 has been initiated. Once a complete permit application package has been submitted an evaluation of the cumulative impacts of the project can be made.

Chuitna Coal Project Permit Application

ASCMCRA Permits/Project Components

	Chuitna Coal Project (Baseline)	Chuitna Coal Mine (CCM)	Chuitna Infrastructure (CPI)	Ladd Landing Development (LLD)
Part A: APPLICATION AND MINE SITE IDENTIFICATION	N/A			X
PART B: LEGAL, FINANCIAL AND COMPLIANCE INFORMATION				
B1) IDENTIFICATION OF INTERESTS	N/A			X
B2) COMPLIANCE INFORMATION	N/A			X
B3) AUTHORITY TO ENTER	N/A			X
B4) AREAS UNSUITABLE FOR MINING	N/A			X
B5) PERMIT TERM INFORMATION	N/A			X
B6) OTHER LICENSES AND PERMITS	N/A			X
B7) LIABILITY INSURANCE	N/A			X
PART C: ENVIRONMENT RESOURCES INFORMATION				
C1) CULTURAL AND HISTORIC INFORMATION AND MAN-MADE FEATURES	X	N/A	N/A	N/A
C2) HYDROLOGY AND GEOLOGY (GENERAL INFORMATION)	X	N/A	N/A	N/A
C3) GEOLOGY DESCRIPTION	X	N/A	N/A	N/A
C4) GROUND WATER INFORMATION		N/A	N/A	N/A
C5) SURFACE WATER INFORMATION		N/A	N/A	N/A
C6) ALTERNATIVE WATER SUPPLY INFORMATION		N/A	N/A	N/A
C7) CLIMATOLOGICAL INFORMATION	X	N/A	N/A	N/A
C8) VEGETATION INFORMATION	X	N/A	N/A	N/A
C9) FISH AND WILDLIFE INFORMATION	X	N/A	N/A	N/A
C10) SOIL RESOURCES INFORMATION	X	N/A	N/A	N/A
C11) LAND USE INFORMATION	X	N/A	N/A	N/A
PART D: OPERATION AND RECLAMATION PLAN				
D1) OPERATION PLAN	N/A	X		X
D2) EXISTING OPERATIONS, STRUCTURES AND FACILITIES	N/A	X		X
D3) COAL TRANSPORTATION AND HANDLING	N/A			X
D4) BUILDINGS, ROADS AND OTHER FACILITIES	N/A	X		X
D5) BLASTING PLAN	N/A	X		X
D6) AIR POLLUTION CONTROL PLAN	N/A	X		X
D7) FISH AND WILDLIFE PROTECTION PLAN	N/A	X		X
D8) RECLAMATION PLAN: GENERAL REQUIREMENTS AND BONDING	N/A	X		X
D9) BACKFILLING AND GRADING PLAN	N/A	X		X
D10) TOPSOIL HANDLING PLAN	N/A	X		X
D11) REVEGETATION PLAN	N/A	X		X
D12) PROTECTION OF THE HYDROLOGIC BALANCE	N/A	X		X
D13) POST MINING LAND USE	N/A	X		X
D14) PROTECTION OF PUBLIC PARKS AND HISTORIC PLACES	N/A	X		X
D15) EXCESS SPOIL AND UNDERGROUND DEVELOPMENT WASTE	N/A	X		X
D16) HAZARDOUS COAL PROCESSING WASTE	N/A	X		X
D17) NON-COAL WASTE	N/A	X		X
D18) UNDERGROUND MINING: SUBSIDENCE CONTROL PLAN	N/A	X	N/A	N/A
D19) UNDERGROUND MINING: RECLAMATION	N/A	N/A	N/A	N/A

X Document received

N/A Not Applicable