

Construction of Red Dog port facility will begin this summer

Tundra Times staff

Work on the Chukchi Sea port for the \$400 million Red Dog Mine will begin this summer, now that the state of Alaska and Cominco limited have reached agreement on how large a tariff should be imposed on other users of the road which will connect the port facility and the mine. Construction on the road will begin during the summer of 1987.

The agreement, which outlines the terms under which the Alaska Industrial Development Authority will finance the road and port, was announced March 17, according to Lisa Parker, spokesman for Cominco.

The Alaska Industrial Development Authority can issue revenue bonds for the construction of the road and port up to \$175 million.

The bonds issued by AIDA will be repaid by Cominco at 6.5 percent interest on a 50-year loan. Cominco will pay the state of Alaska \$12 million per year for the next 30 years, according to the terms of the agreement. If the price of zinc on the world market exceeds 50 cents per pound from its present price of between 30 and 40 cents

per pound, the state would be payed a premium by Cominco.

The mine, located some 60 miles north of Kotzebue, is one of the world's richest deposits of lead and zinc, with large amounts of other minerals as well.

The mine is being developed by NANA Corporation, which owns the mine site, and a subsidiary of Cominco, Cominco American.

The dispute over the tariff to be charged other users of the road arose because Cominco disagreed with the state's proposed policy of charging other companies a fee based upon the weight of the minerals being hauled, for the use of the road. Cominco said the tariff should be based upon the value of the minerals being hauled. The agreement sets up a formula for fairly determining the tariff for other users, based partly on the weight of the minerals, and partly on their value.

The agreements "represent the culmination of more than two years of effort," said H.M. Giegerich, president of Cominco Alaska. Giegerich said the support of the Sheffield administration was "instrumental to its success."