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Red Dog tied up by conflict in Congress

by Steve Kakaruk
Tundra Times

The Red Dog Mine project is temporarily stalled due to differences in the House and Senate versions of legislation which would approve the land exchange between NANA Regional Corp. and the U.S. government.

The Senate version, sponsored by Alaska Sen. Frank Murkowski, provides NANA with 95,000 acres of the Cape Krusenstern National Monument in exchange for 103,000 acres it could have claimed under the Alaska Native Claims Settlement Act (ANCSA).

The land will be used to build an access road from the Red Dog Mine to a port facility also slated

for construction.

The House version differs from the Senate version in that NANA would receive only 42,000 acres of National Park lands, and a 100-year easement from the government for use of 20,000 on which to build the access road.

The Senate amended the House bill and returned it to that branch of the Congress. Senate backers say the House version would give NANA Regional Corporation unique land exchange rights, raising some difficult questions about future land actions in the State of Alaska.

Jerry Ritter of Sen. Murkowski's office commented on the chances of a compromise on the issue, saying, "We are confident that an early com-

promise will be reached once the recess is over. We feel the easement is a positive step."

The Red Dog Mine contains an estimated 85 million tons of ore, of which 17 percent is zinc, and 5 percent is lead. The mine also contains rich silver deposits; the expected yield is about 2.4 ounces per ton.

The mine is expected to produce about 300,000 tons of zinc per year, about the amount all the

nation's other mines produce combined.

In addition, the mine will create about 400 permanent new jobs in the high unemployment NANA region, as well as over 200 temporary jobs during construction of the access road and port facility.

If legislation passes both houses of the Congress, giving the green light for construction, Project Director Riley Snell for Alaska

Industrial Development Authority said bids will be accepted for construction as early as next February.

Alaska legislation passed earlier this year will provide about \$175 million to finance the construction of the port facility and access road. Cominco would provide the balance of the construction capital, and will guarantee the state's investment.

Murkowski to chair drug hearing in Alaska

Washington, D.C.—Senator Frank Murkowski will chair a U.S. Senate hearing in Anchorage on August 30th to examine the scope of Alaska's drug abuse problems.

In cooperation with Florida Senator Paula Hawkins, Chairmen of the Subcommittee on Children, Family, Drugs, and Alcoholism, Murkowski will hear testimony on drug abuse from Alaska law enforcement officials,

drug and alcohol rehabilitation counselors, drug users, the State Department of Health & Social Services, and the Alaska Council on Alcoholism and Drug Abuse.

Murkowski said he wants to find out how the federal government can help local and state agencies in the war against drug abuse.

"I'm particularly concerned

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Gov. Bill Sheffield was greeted by a large crowd of well-wishers upon returning to Anchorage last week.
photo by Herb Thompson

Paydirt in store for Alaska's mining industry

by Maria Williams
Alaska News Service

JUNEAU—Shrinking minerals markets and depressed prices have left a tarnish on Alaska's mining industry, but a state labor economist says the future of mining in Alaska is still bright.

According to a report by state Department of Labor economist Ed Eboch, mineral prices are at the lowest level in years, forcing the closure of mines worldwide. Even where mines have not closed there has reportedly been a considerable decline in the number of mining employees.

In Alaska the annual average number of mining employees has dropped from 798 in 1981 to 653 in 1984, the report says.

Despite the downturn in employment figures, Eboch says,

the potential for mineral, coal and industrial mining in Alaska in the next decade is excellent.

Just under \$200 million worth of minerals was produced in Alaska in 1984, according to the report.

The only minerals currently produced in significant quantities in Alaska are gold, coal, sand and gravel.

For example, the largest tin producer in United States is Lost River Mining in Nome—but the value of the production there was estimated at only \$400,000 in 1984, according to the report.

The value of Alaska gold produced in 1984 was estimated at \$63 million. Coal production that same year was estimated at \$24 million.

By the early or mid-1990s,

Eboch predicts, there will be a greater worldwide demand for metals, coal, and industrial minerals.

"Many developing countries will be needing coal for energy production and sand, gravel and other minerals for construction," said Eboch. "Existing mines worldwide will be becoming depleted, and Alaska minerals will almost certainly be in demand."

Eboch also expects that over time the dollar will drop in value against foreign currency—making domestic minerals less expensive than foreign-produced minerals.

"The current exchange rate is really depressing sales of domestic minerals," Eboch says. "When the value of the dollar drops overseas we'll see a greater

demand for our resources."

Mining might also become more attractive as new technology cuts down the cost of operation, Eboch says.

Mineral mining is currently reported to have little impact on Alaska's economy.

But Eboch's report says that—with the exception of oil and gas—mineral mining is the industry that offers the most potential for increased employment and tax revenues.

When mining prices improve, Eboch says, three major mining projects currently under development should come into production, providing upwards of 1,500 jobs. Those projects are:

—The Red Dog property is a world class zinc-lead-silver-barite deposit, owned by the NANA

Regional Corporation.

—The Greens Creek Joint Venture, in the Admiralty Island National Monument, about 18 miles southwest of Juneau, would need 150 employees at full production.

More than 4.0 million tons of silver, gold, zinc and lead ore is estimated to be at the Greens Creek site.

—The U.S. Borax Quartz Hill project, located in the Misty Fiords National Monument east of Ketchikan, would employ the most people of any of the new projects. Eboch says that between 700 and 900 mine workers would be hired for peak production at the Quartz Hill project.

Mineable reserves of molybdenum at Quartz Hill are estimated to exceed 1.5 billion tons.