

February 28, 2006

Mayor Talerico and members of the Denali Borough Assembly,

The members of the Denali Citizens Council appreciate your introduction and careful consideration of ordinances related to the regulation of natural gas and coal bed methane development in the Denali Borough. Usibelli Coal Mine (UCM) offered some thoughts about the ordinances to the Borough in a letter dated January 30, 2006. We would like to offer some of our own.

- First, we disagree with stated or implied opinions that the Borough has no role in regulating natural gas or coal bed methane development within Borough boundaries. The implication that the Borough's only opportunity to influence this development is through the State's best interest finding process is absurd. Given all the controversy about coal bed methane development within Alaska and the western United States, the State should expect that local governments will provide regulation to ensure such development does not conflict with local plans, goals, and aspirations. The State government cannot be relied upon to protect local interests. Local involvement is inevitable and should be accepted and welcomed. While UCM likely has valid concerns about the impact of such an ordinance on their business, the focus should be on crafting a useful ordinance, not on intimidating the Borough into dropping it entirely.
- Second, if we can get some agreement on the importance of Borough involvement in regulation, then we can talk more usefully about points upon which we can agree. For instance, we agree with UCM that the Borough should engage and communicate with the State, UCM, and local residents and landowners about the objectives of the ordinances. Clarifying the purposes of the ordinances is the first step toward successful passage and implementation.

We propose the following objectives:

1. Protect the interests and property rights of local residents, landowners, and business owners from the potential negative consequences of subsurface development.
2. Protect the aesthetic and natural resources - including recreational lands and access to those lands - essential for the Borough's tourism industry and the quality of life for local residents.
3. Preserve the options for the Borough's residents to direct their future through the Comprehensive Plan process.

DCC Board and Staff

Nancy Bale
Jean Balay
Jenna Hamm

Leslie Adams
Joan Frankevich
Eric Oberg
Grady Wilson

Cathy Lieser, Community Organizer

If we can reach some agreement on objectives, it should then be possible to look at the specific provisions of the ordinances to determine what will enable us to reach those objectives. The Denali Citizens Council believes it is particularly important to put into the ordinance standards that will achieve the objectives listed above, which *could involve* different standards for different parts of the license area.

- Third, some of the issues associated with gas and cbm development could be resolved by working with UCM and the State to draw a conclusion that it is not in the State's best interest to develop some portions of the license/lease area. The State has indicated considerable interest in getting guidance from the Borough on its best interest finding (BIF). Because the preliminary BIF indicated that the likely gas deposit was small by state standards, and therefore local best interests paramount, we believe state officials are serious in their interest. While the Land Use Planning Commission passed a resolution asking for a restricted license area until the "best interest" could be better demonstrated, the Borough Assembly has never expressed its preferences. Although we still believe a local ordinance is necessary, we also request that the Assembly provide a substantive response to the BIF, and thereby provide the State with the guidance it seeks from the local elected body.

Respectfully,

A handwritten signature in black ink that reads "Nancy Bale". The signature is written in a cursive, flowing style.

Nancy Bale, President, DCC

Copies sent by email to Borough Assembly and Mayor

