

Daniel S. Sullivan, Commissioner
Alaska Department of Natural Resources
550 W. 7th Ave, Suite 1260
Anchorage, AK 99501-3557

December 28, 2010

Commissioner Sullivan,

On behalf of the board and members of the Denali Citizens Council (DCC), I welcome your plan to engage with diverse groups of Alaskans as you begin your service at the Department of Natural Resources. This letter addresses important issues in the Healy area that you will be dealing with in your new position, including the relationship of DNR to local residents, the borough government, and the national park. We request that you visit the Healy area and meet with Denali Citizens Council and local residents to learn more about these issues. Alternatively, we are willing to meet with you at your offices in Anchorage at a mutually convenient time.

So that you may understand these issues in their appropriate context, I start with some background on DCC, the Healy community, and Denali National Park. I then address specific issues of both collaboration and concern.

DCC is a 36 year old grassroots non profit organization located at the gateway to Denali National Park. Many of our members reside, work, or spend significant time in the Denali region. DCC, through web and print media (<http://www.denalicitizens.org>), public events and involvement with agencies, educates and advocates for the long term health of the region's unique ecosystem, and the economy and vibrant community which it supports. We advocate for careful management of both state and federal lands, and encourage public involvement in decision-making regarding the future of those lands.

The Healy area has experienced unprecedented growth and change since DCC was founded in 1974. From a small, rail-accessible old line park, Denali National Park has become an international destination with close to 400,000 visitors per year. Visitors come to experience its unique combination of vast wilderness, subarctic wildlife, and scenic mountain vistas. These visitors are a sustainable economic resource, squarely dependent on the health of the regional ecosystem.

Denali's gateway lands and communities have also experienced growth in recent decades. The local population of approximately 2,000 individuals swells to several times that many during the summer tourist season. Private property expansion and infrastructure development have accelerated, with the national park providing significant economic impetus. Denali region employers include Denali National Park, private tourism corporations, the United States Department of Defense and its private contractors (at Clear AFB), Usibelli Coal Mine, and the Alaska Railroad.

DCC Board

Nancy Bale
Anne Beaulaurier
Charlie Loeb

Nan Eagleson
Hannah Ragland
Cass Ray
Jared Zimmerman

Julia Potter, Community Organizer

Local government remains relatively small. The Denali Borough, 12,000 square miles in size (including most of the national park along with nearby state and private lands), was incorporated as a home rule borough in 1990. The borough has yet to receive its full land entitlement, or to complete the classification of lands it has already received. Land management authority is minimal and zoning virtually non-existent. Bed taxes (followed by coal severance taxes) provide revenue for the Denali Borough, largely funding the local school district. This revenue, despite some dips during recent recession years, is predictable and sustainable. Despite the seasonality of economic activity, average per capita income in the Denali Borough was higher than the state average in 2000.

In the Healy region, we see a high degree of cooperation and mutual respect between local government and Denali National Park officials. However, the state government in recent years has appeared less supportive of this federal presence and its vital role in the Healy area's widespread appeal and international significance. Established long before Statehood, Denali National Park has had a central role in educating Americans and people around the world of the amazing things to be seen and experienced in Alaska, as well as the value of protecting land and wildlife. And it has constituted a remarkable sustainable resource for the Healy region, bringing in millions of dollars to the Denali Borough every year. We urge you to revisit the State-Federal relationship in the region.

DCC also works extensively on state and borough land issues in the Healy area. For example, in recent years DCC organized and facilitated two "Stampede Summits" to consider the future of lands in the Wolf Townships west of Healy, where both wildlife habitat and recreational opportunity are important surface values. At the Summits, we invited speakers from both state and federal agencies to identify key issues and management priorities. We also invited participants to identify their concerns and desires for the area. We have continued this public dialogue, with periodic forums and speakers, since those more formal Summits.

DCC has supported Denali Borough Assembly efforts to establish a State Recreation Area in the Wolf Townships. Support for management of these particular lands as a Recreation Area rather than as General State Land is gaining momentum in the Denali Borough. These lands are significant in their own right, and require trail management and some visitor service development to avoid overuse impacts. DCC has worked with DNR's Director of State Parks and State Parks Northern Region Supervisor on this issue, and found them helpful and supportive. We hope you will take a careful look at any legislation introduced for a Stampede State Recreation Area this session.

Importantly for the purposes of this letter, DCC has also been engaged in DNR's decision-making process for the Healy Basin Gas Exploration license application by Usibelli Coal Mine. We organized and attended several meetings and commented during all phases of the "Best Interest" Finding process, which began in 2005. In that process, DCC did not oppose reasonable gas exploration on some part of the 208,000 acres under consideration, but did express concerns about the prudence of including subsurface lands below lands specially designated for habitat values and public recreation, as well as lands below our residential communities.

DNR recently released the final "Best Interest" finding for the Healy Basin Gas Only Exploration Project, permitting exploration on the entire 208,000 acre area, and doing so under conditions that are not meaningfully protective of surface values in limited but critical areas. For example, portions of the permitted area are residential in nature. Other areas are identified as important for their habitat and public recreation values, which recently, and paradoxically, led DNR's Division of Mining, Land and Water to deny conveyance of such lands to the Denali Borough.

While not litigious in nature, DCC was so aggrieved by the substance of the decision, and the process leading to it (which was unfair in the extreme) that we felt no option but to challenge it in court. Setting aside for purposes of this letter what we believe are serious legal deficiencies with DNR's Final "Best Interest" Finding, we believe that a path forward exists that would allow for reasonable, economically viable gas exploration, while also respecting and protecting our community. It is this path forward which we would like to explore with you in person.

Thank you again for starting your tenure as DNR Commissioner by engaging Alaskans in a discussion of issues under DNR's purview. I hope this letter has provided useful information, and DCC looks forward both to working with you on the general issues noted above and to your response on our request to discuss a mutually beneficial resolution of the Healy Basin gas exploration issue. Please note that we would have no objection to including Usibelli in such discussions.

Sincerely,

/s/ Nancy Bale

President, Denali Citizens Council
nancy@denalicitizens.org
907-277-3825

cc: Denali Borough Assembly
Alaska State Senator Joe Thomas
Alaska State Representative David Guttenberg
Usibelli Coal Mine