

**From:** [Kirsten Kinegak-Friday](#)  
**To:** [donlingoldeis, POA](#)  
**Subject:** [EXTERNAL] Donlin Gold Comment Letter  
**Date:** Friday, May 27, 2016 1:18:03 PM  
**Attachments:** [52716 Gordon Letter Re Support for Alternative 2 in the Donlin Gold Project EIS.pdf](#)

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Mr. Gordon,

Please see attached letter RE: Support for Alternative 2 in the Donlin Gold Project EIS. Thank you.

**Kirsten M. Kinegak-Friday** | Associate General Counsel  
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“22 CFR Part 125.4 (b) (9) applicable.”



CALISTA CORPORATION  
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May 27, 2016

Submitted via email to: [POA.donlingoldeis@usace.army.mil](mailto:POA.donlingoldeis@usace.army.mil)

Keith Gordon, Project Manager  
U.S. Army Corps of Engineers  
Alaska District CEPOA-RD-Gordon  
P.O. Box 6898  
JBER, AK 99506-0898

Re: Support for Alternative 2 in the Donlin Gold Project EIS

Dear Mr. Gordon:

Thank you for the opportunity to submit the following comments in support of Alternative 2 in the Donlin Gold Project Draft Environmental Impact Statement ("EIS").

I was born and raised in Bethel, so I grew up on the Kuskokwim River. Although I haven't lived there in 13 years, my family is there, I go back often, and will always consider it to be home.

**The Economic Benefit to the Region Would Be Huge.** The Yukon-Kuskokwim Region suffers some of the highest unemployment rates and lowest income levels in the country. Included in the Region, the Kusilvak Census Area's per capita income makes it one of the poorest in the country; in 2014, it had the highest percentage of unemployed people in any census area in the U.S., at 23.7%.<sup>1</sup> That statistic is actually drastically under-representative, as it only includes the number of people actively looking for jobs in a region where few year-round, well-paying jobs exist. Many of the villages in the Region suffer Third World conditions, lacking running water or plumbing. Unsurprisingly, with few economic opportunities, the Region struggles with near epidemic rates of numerous social ills.<sup>2</sup>

This project would provide a major economic boost to the Region, providing critical jobs and much-needed opportunities. Throughout the Donlin Gold project's 16-year exploration period, Donlin Gold successfully hired locally and focused on job skills training. Calista Shareholder hire rates during exploration reached 90% of Donlin Gold's workforce, including management-level jobs in operations and logistics. During exploration, Donlin Gold created a work culture based on responsibility, sobriety, training, safety, and personal pride. The Donlin Gold project would produce gold for more than 27 years, providing critical well-paying jobs, with a preference for Calista and TKC shareholder and Regional local hire.

As an economic engine for the Region, an estimated 3,000 jobs will be created during the approximate 4-year construction phase, and between 600 and 1,200 jobs during the estimated life of mine, plus post-production reclamation and monitoring jobs. As with any major project, the mine would have positive multiplier effects in the Region and across the state.

Good jobs will provide the income needed to purchase the equipment and fuel that allows the Region's people to engage in subsistence hunting and fishing, and other cultural and traditional activities. This will

<sup>1</sup> Labor Force Data by County, 2014 Annual Averages. U.S. Bureau of Labor Statistics.

<sup>2</sup> See Donlin Gold Project EIS Governance Capacity Technical Report, AECOM (April 2016), at 30.

Keith Gordon, Project Manager  
U.S. Army Corps of Engineers  
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allow our Shareholders to both preserve and keep our cultures vibrant and feed our families. These jobs will have a significant, very material, and positive impact on the economy of the Region and the state. The Donlin Gold project is a critically-needed major economic opportunity for our Region.

**High Energy and Transportation Costs Thwart Development in the Region.** In addition to the severe dearth of adequate employment opportunities, energy costs in the Region are several times higher than in urban Alaska and the rest of the nation. Extremely high energy and transportation costs arise from the Region's geographic isolation: there are no railways or roads connecting the area's 56 villages to the rest of the state: goods and materials must arrive by barge or air. The Donlin Gold project contains the potential for lower cost energy options in the Region, as the proposed natural gas pipeline is designed for excess capacity to allow for future access to natural gas for Regional energy needs. The buried pipeline as designed will have minimal impacts to the environment, Iditarod Trail use, and human or animal movement. The natural gas pipeline will greatly reduce the amount of fuel that would otherwise have to be barged in for the project, reducing the number of barge trips on the Kuskokwim River to 1-2 a day. This solution was designed in direct response to concerns expressed by local residents.

**Section 7(i) and 7(j) Revenues will Benefit all ANCs.** Calista will distribute a significant percentage of the mineral royalties from the Donlin Gold project to all other Alaska Native Regional and Village corporations in Alaska, pursuant to ANCSA's Section 7(i) and 7(j) resource revenue-sharing provisions, providing much needed infusions of cash across Alaska. As a Region, Calista can then contribute to growth rather than overburden shrinking governmental budgets, in a time of drastic reductions to our State's oil-based economy.

**The Tax Savings for Calista Could be Huge.** As described in Calista's CFO Sharon Lechner's letter submitted to you on March 28, 2016, when Donlin starts production, Calista would be entitled to reflect the value of the gold extracted as a depletion expense on its state and federal tax returns. Because the depletion allowance is huge compared to Calista's size, Calista would enjoy a tax holiday for about 50 years, saving a minimum of \$500 million, at \$10 million per year for 50 years. Calista would use those savings to provide higher dividends, scholarships, burial assistance, and to invest in profitable businesses to further support its shareholders and invest in economic opportunities both within and outside of the Region.

I support Alternative 2 in the Donlin EIS because it would provide so many direct and indirect benefits to one of the poorest parts of the country, as well as the whole state.

Sincerely,



Kirsten Kinogak-Friday  
Associate General Counsel