

Avoiding a Highway Disaster
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Alaska has just one highway in and out of our state: the Alaska Highway. It links up with the Glenn, Richardson, Klondike, and other roads as our only route to Canada and the rest of the world. Why are we about to turn a huge section of this strategic route into a mining haul road for a private corporation?

The Kinross/Contango Tetlin Mine project plans to bring ore from the Copper Valley to Fairbanks. First, let me applaud the administration, Transportation Commissioner Ryan Anderson, and the mine owners for promoting the project. Alaska needs responsible resource development, and our country needs gold and other associated minerals found in the area—but not at the cost of the personal safety and long-term infrastructure needs of Alaskans.

The good news is that the project calls for the recovery of some 900,000 ounces of ore in just under five years, according to Brad Juneau, CEO of Contango. The problem lies in the logistics. Even the latest numbers call for hauling more than 3,000 tons of rock per day, which according to investigative journalist Dermot Cole and others equates to a truck running either way, every 12 minutes, or about 120 trucks per day, 24 hours a day, 365 days a year. In my inquiries to other states, I can't find where a state highway has been designated for such a high volume of traffic from a single source, and in a sub-arctic climate. This ore haul is unprecedented.

This 250-mile section of the Richardson Highway already serves local homes and businesses, tourist traffic, military convoys, and more than 280 school bus stops per day. If the situation is left unresolved, the volume of traffic will result in increased accidents, traffic deaths, extended litigation, and criticism of the administration. While the administration should try to find a way to make projects like this happen, a governor has a responsibility to first look out for public safety.

And what about infrastructure? The proposed route—an existing two-lane highway which is already in poor shape in many areas--will surely take a beating and require massive tax dollars to repair and maintain. Incredibly, the state has made no provision for reimbursement or rebuilding the highway once this project is done. Some pull-outs and passing lanes will be created, but there is no guarantee of repair work for the extensive damage that so much heavy truck traffic will cause.

We have alternative solutions, if there is the courage and desire to address them. One is to move the processing closer to the mine. This could have the added benefit of creating and serving additional mining projects in the prolific Copper Valley and Forty-mile districts. It could even stimulate the production of rare critical minerals, which are absolutely necessary for new energy technologies being pushed by the Biden Administration. Based on Kinross' upgraded estimate of profitability and reserves, the door is now open to consider on-site processing.

The ultimate solution is a rail extension, at least from North Pole/Eielson Air Force Base to Delta, near our nation's primary missile defense facility at Fort Greely. The US Department of Defense has funds available for a hard link to the site, and should be promoted by our Congressional delegation. Funds could also be leveraged from various sources, including the self-bonding capacity of the Alaska Railroad.

Based on Kinross's new guidance and economic model, the principals say that the ore is now expected to produce twice as much gold per ton, and the after-tax rate of return is now estimated at more than 20% at current commodity prices. With those kinds of returns, Kinross and the administration owe it to the people to exhaust all alternatives before throwing their full weight behind the current trucking proposal. This is a worthy project in many respects, but before we find ourselves picking up the pieces of a burned-out highway, we need to ask ourselves: what will Alaska have at the end of the road?