

STATE OF ALASKA

DEPARTMENT OF NATURAL RESOURCES

DIVISION OF MINING, LAND AND WATER

SEAN PARNELL, GOVERNOR

DIRECTOR'S OFFICE
550 W. 7th AVE., SUITE 1070
ANCHORAGE, ALASKA 99501-3579

PHONE (907) 269-8600
FAX (907) 269-8904

May 3, 2011

Greg Wyman
GVEA Manager of Construction Services
P. O. Box 71249
Fairbanks, AK 99707

Gerald A. Blair, President
Boot Hill Gold, Inc.
5550 5th Street NW
Tillamook, OR 97141

Gerald A. Blair, President
Boot Hill Gold, Inc.
3459 Sundial Drive Bullhead, AZ 86429

Dear Gentlemen:

As you are both aware, the Department of Natural Resources (DNR) has received and is adjudicating an application from Golden Valley Electric Association (GVEA) to lease land for the Eva Creek wind energy project. The wind energy facility would lie entirely within a large block of mining claims held by Boot Hill Gold, Inc. (BHG). DNR recognizes BHG's interest in the mineral estate and GVEA's request to use a portion of the surface estate. Since both projects would be beneficial for the people of Alaska and should be compatible, DNR wants to see them move on to successful implementation.

GVEA's development plan was recently submitted to the DNR Northern Regional Office. With the development plan came a copy of BGH's rejection of GVEA's request for a letter of non-objection to the Eva Creek development.

It is the expressed desire of the Governor's Office that the railbelt diversify its energy portfolio and that renewable energy become a significant part of the portfolio. The Eva Creek project would accomplish both aspects of the goal in a major way. Similarly, the Governor has placed an emphasis on economic development in the state with a major focus on the development of natural resources such as minerals. Thus the two physically intertwined projects both fit into state government priorities.

"Develop, Conserve, and Enhance Natural Resources for Present and Future Alaskans."

Development of the Eva Creek project would create clean, economically competitive power to the railbelt and Fairbanks area. At the same time, the Eva Creek project could provide a substantial benefit to BHG's mining project should it prove to be viable. If approved, construction of the GVEA project will require improvement of the railroad siding on the right bank of the Nenana River at the Ferry Bridge to handle the off-loading and transport of structures and equipment brought by rail. Additionally, significant improvements to the road leading to the wind generation sites will be necessary to transport the turbines, supports, and blades into the area. The result will be a road with ameliorated grades, gentle grade transitions, substantially improved curve radii, and all weather capability.

Should BHG's mineral property be developed, the infrastructure associated with the project could prove to be beneficial. The benefit of a local power could also benefit any developments.

The footprint of the individual wind energy facilities and connectors is proposed to be the minimum necessary to accommodate the project. This in itself will help mitigate the overlap with the mining claims.

In conclusion, considering the public benefits that would be provided by the Eva Creek project and the economic benefits that a commercial mine would provide, I am strongly urging both parties to quickly reach a mutually acceptable resolution so that both projects can proceed in a timely manner. GVEA has expressed interest in getting the permitting completed this summer so that they may begin portions of the project as early as this fall. It is possible that an amicable solution can be reached by evaluating existing resource information for the area in conflict. I urge that you reach an agreement and respond to DNR within 15 days of the date of this letter.

Sincerely,



Wyn Menefee, Acting Director
Division of Mining, Land and Water

cc: Rick Fredericksen, DMLW Mining Section Chief
Chris Milles, DMLW Northern Region Land Manager