



UNITED STATES DEPARTMENT OF COMMERCE
National Oceanic and Atmospheric Administration

National Marine Fisheries Service

P.O. Box 21668

Juneau, Alaska 99802-1668

April 8, 2004

Colonel Timothy J. Gallagher
District Engineer, Alaska District
U.S. Army Corps of Engineers
P. O. Box 898
Anchorage, Alaska 99506-6898

Re: POA-2004-282-2
Norton Sound

Attn: Victor Ross

Dear Col. Gallagher:

The National Marine Fisheries Service (NMFS) has reviewed the above referenced public notice regarding a proposal by Concha Holdings Ltd. to conduct an offshore mining operation to recover gold and other precious metals off the coast of Nome in Norton Sound. The proposal will involve a floating suction dredge with a 20-inch nozzle. The dredge will process 2,000 cubic yards of material an hour, twenty hours a day during the 150-day ice-free season. A total of 32,000,000 cubic yards of material will be dredged during three mining seasons from 2004-2006. The dredge tailings will be stacked with low profile swales and ridges back on the ocean floor.

The Corps of Engineers (Corps) has determined that the described activity may adversely affect 2,200 acres of Essential Fish Habitat (EFH) for groundfish and crab. NMFS agrees with this determination. Norton Sound includes EFH for red king crab, blue crab, Alaska plaice, yellowfin sole, sculpins, chum, coho, king, pink, and sockeye salmon. All of these federally managed species are found in these waters during certain stages of their life history.

In order for NMFS to complete our assessment of the potential impacts of this large project, we require additional time to research the marine environmental conditions at the site, including discussions with scientists involved in studies done in association with previous mining operations.

Rationale:

- This proposed project involves deeper depths than previous offshore mining operations. Disturbance due to offshore mining has the potential to cause long-term impacts to living marine resources including EFH.

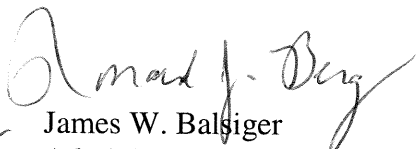


- This proposed project involves the removal, displacement, and discharge of large quantities of marine benthic material. This creates a large potential to remove and displace crabs as well as prey species for fish (such as polychaete worms). Also, depending on discharge methods, turbidity plumes have the potential to create barriers to the out-migration of juvenile salmon.

Accordingly, we request that the public notice comment period be extended for thirty days. Should you be unable to grant this request, we must recommend denial of the permit pursuant to Part IV, Paragraph 3(b) of the 1992 404(q) Memorandum of Agreement between our agencies. Based on the limited available information, NMFS concludes that this project will have a substantial and unacceptable impact on aquatic resources of national importance.

We look forward to working with you to address the issues discussed above and are willing to meet with the applicant to discuss our concerns. Questions regarding this time extension request should be directed to LT Mark Boland at our Anchorage field office, telephone (907) 271-5006.

Sincerely,


James W. Balsiger
Administrator, Alaska Region

cc: ADEC, ADFG, ADGC, EPA, USFWS - Anchorage
Applicant – Concha Holdings Ltd., 200 W 34th Ave #1183, Anchorage, AK 99503.