



THE STATE  
of **ALASKA**  
GOVERNOR BILL WALKER

Department of Environmental  
Conservation

DIVISION OF AIR QUALITY  
Air Permits Program

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**Return Receipt Requested**

October 12, 2018

Daniel Graham, Permit and Environmental Engineer  
Donlin Gold, LLC  
4720 Business Park Blvd., Suite G-25  
Anchorage, AK 99503

Subject: PSD Permit and Approval to Construct – Extension Request dated September 27, 2018 for Donlin Gold, LLC’s Donlin Gold Project, Air Quality Control Construction Permit AQ0934CPT01

Dear Mr. Graham:

The Alaska Department of Environmental Conservation (the Department) in a letter dated September 27, 2018, received a request from Donlin Gold, LLC (Donlin) for an extension to the deadline for commencing construction of the Donlin Gold Project (DGP). In accordance with 40 CFR 52.21(r), AS 46.14, and 18 AAC 50, of the Prevention of Significant Deterioration (PSD) rules, the DGP was required to commence construction within 18 months after issuance of the permits. Since the PSD permit was issued on June 30, 2017, the date for commencing construction would have been December 30, 2018.

Donlin is requesting an extension because it is acquiring the necessary permitting for constructing and operating DGP. Donlin has received multiple permits required for DGP, however, the timeline for the remaining permits requires construction to be put off to no sooner than the beginning of 2021. Therefore, Donlin is requesting the date for commencing construction be extended to December 30, 2021.

After reviewing EPA’s Memorandum dated January 31, 2014, titled “Guidance on Extension of PSD Permits under 40 C.F.R. 52.21(r)(2)” (Extension Memorandum), and in accordance with 40 C.F.R. 52.21(r)(2), a Permittee’s PSD permit extension request should include a detailed justification of why the source cannot commence construction within the initial 18-month period. Relevant justification could include ongoing litigation over the PSD permit, natural disasters that directly affect the facility, significant or unusual economic impediments (including inability to secure financial resources necessary to commence construction), and/or delays in obtaining other required permits. The Department must evaluate the extension request on a case-by-case basis.

In the absence of regulations or guidance specifically addressing PSD permit amendments, the regulatory definitions of Best Available Control Technology (BACT) and the information requirements for PSD permits suggest that permit issuers must evaluate proposed PSD permit amendments on a case-by-case basis to determine whether new information relating to the BACT analysis underlying the original permit warrants revisiting that analysis because such information is “necessary” to ensure that BACT will be applied.

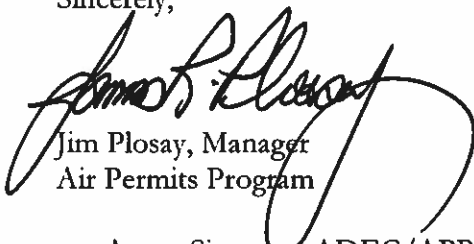
While the New Source Review Manual does not specifically address PSD permit modifications, the manual's methodology for BACT analysis suggests principles which permit issuers may use on a case-by-case basis in evaluating whether revisiting a BACT analysis is required in the context of a proposed PSD permit amendment. Donlin did not address BACT in their extension request letter. However, the aforementioned EPA guidance states that a review or redo of substantive permit analyses such as BACT, air quality impacts analysis or PSD increment consumption analyses should generally not be necessary for a first permit extension request. During their initial BACT analysis, Donlin opted to install and operate control devices that offer the highest level of control at this time. The Department therefore believes that a revised BACT analysis is not required for this extension request.

EPA guidance indicates that extension requests should be made for 18 month intervals as PSD decisions and the associated control devices may change. Therefore, the Department is granting an 18-month extension to the deadline for commencing construction because no reanalysis of substantive conditions of the permits needs to be conducted at this time. This extension requires that construction of the DGP commence no later than **June 30, 2020**. Donlin may request an additional 18-month extension prior to June 30, 2020. The Department may require a revised BACT analysis and/or a revised ambient air quality standards/increment demonstration in order to approve an extension at that time. The Department is not requiring a public comment period since this is a decision to extend the deadline for commencing construction without any changes to the permit.

If you have any further questions please feel free to contact the undersigned or Ms. Brittany Crutchfield of my staff at 907-269-7572. Please note that Alaska's air quality statutes, regulations and permit application information can be obtained from the Department's web page at the following address:  
<http://dec.alaska.gov/air/air-permit/permit-regulations/>

A person who has a private, substantive, legally protected interest under state law that may be adversely affected by the permit action, the owner and operator, or, if a public comment process is required or solicited, a person who participated in the public comment process may request an adjudicatory hearing in accordance with 18 AAC 15.195 - 18 AAC 15.340 or an informal review by the Division Director in accordance with 18 AAC 15.185. Informal review requests must be delivered to the Division Director, PO Box 111800, Juneau, Alaska 99811-1800, within 15 days of receipt of the permit decision by email, facsimile, or mail whichever is earlier. Adjudicatory hearing requests must be delivered to the Commissioner of the Department of Environmental Conservation, PO Box 111800, Juneau, Alaska 99811-1800, within 30 days of issuance of the permit decision. If a hearing is not requested within 30 days, the right to appeal is waived. More information on how to appeal a Department decision is available at:  
<http://dec.alaska.gov/commish/review-guidance/>

Sincerely,



Jim Plosay, Manager  
Air Permits Program

cc: Aaron Simpson, ADEC/APP, Juneau  
Patrick Dunn, ADEC/APP, Anchorage  
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