

**H.R. 2262:
Threatens the Future of Mineral Exploration and Mining on Public Land
Which will Hurt Nevada and
Increase the Nation's Reliance on Foreign Sources of Minerals**

H.R. 2262 will create serious impediments for mineral exploration and mine development on public lands because it:

1. Increases risks by eliminating the current right to use and occupy public land for mineral activities;
2. Gives federal land managers discretionary authority to reject permits for exploration and mining on the basis of where a project is located – even if it can meet environmental protection criteria – thus adding more uncertainty to what is already a risky and costly business;
3. Eliminates the existing practical regulatory review process for exploration projects which cause limited disturbance that can be easily reclaimed and substitutes in its place a costly and cumbersome process that is overkill for exploration; and
4. Inappropriately withdraws millions of acres of public land from exploration and mining without due consideration for the resource potential of these areas or how placing these lands off-limits to mining will increase the Nation's reliance on foreign sources for the minerals we need to maintain our way of life.
5. Imposes an inappropriate and onerous royalty that does not allow deductions for the costs associated with producing a marketable product including underlying private royalty agreements between prospectors/claim owners and the producer, which burden many mineral properties.

H.R. 2262 Ignores a Fundamental Geologic Reality: Mineral Deposits can only be Mined Where They are Found

- Mineral deposits cannot be moved and must be developed where they are discovered. Laws and regulations governing mining must recognize and accommodate this unique aspect of mining – miners do not get to choose where mines are located. Unfortunately, H.R. 2262 does not consider this essential geologic constraint about exploration and mining.

H.R. 2262 Fails to Recognize that Exploration and Mining are Risky and Expensive

- Exploration and mining are high-risk endeavors because mineral deposits are rare, hard to find, and expensive to develop. Once a deposit is found, it typically takes an additional \$50 million to several \$100 millions to build a mine.
- The exploration, development, mine construction, and operation process, which often takes 10 years or longer, is made without knowing what mineral prices will be when the mine finally goes into production, making fluctuations in metal prices an additional and substantial element of risk.

The Mining Law Must Accommodate the Substantial Risks Associated with Exploration and Mineral Development – Unfortunately H.R. 2262 Increases the Risks

- H.R. 2262 adds land tenure and permitting risks to what is already a very risky endeavor by eliminating the right under the current Mining Law to use and occupy public lands for mineral exploration and development.

- Under H.R. 2262, federal land managers have discretionary veto power to deny permit applications at any stage of the exploration and mine development process, putting mineral dollars at risk every step along the way of the mining life cycle, from exploration to mining.

Exploration and Mining Require Secure Possession of the Land – H.R. 2262 Eliminates Security of Land Tenure

- Because discovering and developing a mineral deposit takes many years, it is absolutely essential that the land tenure right starts at the very beginning stage of exploration, when claims are staked, and endures throughout the entire mineral lifecycle from initial exploration to discovery, to mine development, to mineral production, and finally to closure and reclamation.
- Since 1993 when Congress changed the Mining Law by requiring claim holders to pay fees for mining claims, exploration and mining companies have had to pay the federal government for the right to be on the land for the purpose of making a mineral discovery and, if a discovery is made, the right to develop the claim. The current claim location fee is \$30 per claim; the annual claims maintenance fee is \$125.
- This system needs to be preserved and made permanent. Unfortunately, H.R. 2262 creates substantial land tenure uncertainties that will lead to a dramatic decline in exploration – which will ensure that the pipeline of new discoveries will dry up.

The H.R. 2262 Royalty Does Not Consider Underlying Private Royalty Agreements that Burden Many Mining Properties and are the Main Revenue Source for Prospectors and Claim Owners

- Royalty payments from producing mines are the primary source of revenue for many prospectors and claim owners who typically have a business arrangement, that includes a royalty, with the mining company that develops the mine.
- A federal royalty must take into account this underlying private royalty or the cumulative royalty burden will render a deposit uneconomic to produce. H.R. 2262 ignores this private royalty burden.

H.R. 2262 Creates a One-Size-Fits-All Permitting Process for Exploration and Mining that is Inappropriate for Initial Exploration Projects

- Title III of H.R. 2262 creates a burdensome permitting process for initial exploration projects by eliminating Notice-level operations and establishing a uniform permitting process for all mineral activities – from drilling a couple of holes to building a mine – without any consideration of the obvious and substantial differences in the on-the-ground impacts between the two.
- The current two-tiered permitting system in which initial exploration drilling programs are regulated under BLM’s 3809.300 series regulations for Notice-level operations is working well. There is no justification for changing the existing efficient, practical, and cost-effective approach to regulating initial exploration projects.

The Environmental Title in H.R. 2262 is Unnecessary - FLPMA Already Changed the Mining Law by Adding Comprehensive and Effective Environmental Protection Mandates

- Mineral exploration today is highly regulated by BLM’s 43 C.F.R. Subpart 3809 surface management regulations on BLM lands, by the 36 C.F.R. Part 228A regulations on National Forest lands, and by state regulations. These federal and state regulations include financial assurance requirements for all mining operations.
- BLM updated the 3809 regulations in 2001 to require reclamation bonds before companies can disturb public land for mineral exploration purposes.

- The regulatory controls, environmental protection mandates, and reclamation bonding requirements that are already in place are appropriate for mineral exploration and mining on public lands, and are working well to guarantee that mineral activities are conducted in an environmentally sensitive way that complies with the FLPMA mandate to prevent unnecessary or undue degradation.
- There is no need to throw out the current system and substitute in its place the draconian changes proposed in Title III of H.R. 2262.

Keeping Lands Open to Exploration and Mining is Essential to the Future of Exploration and Mining – H.R. 2262 Inappropriately Puts Millions of Acres Off-Limits

- Title II of H.R. 2262, “Protection of Special Places” puts millions of acres off limits to mining with no consideration of how this will increase the Nation’s future reliance on foreign mineral.
- Locking up vast areas of potentially mineralized ground is not good public policy because it will mean that presently unknown and undiscovered deposits of minerals that America needs like gold, silver, copper, zinc, molybdenum, tungsten, etc. can never be explored for – let alone ever be developed.
- These deposits will never help the Country meet its needs for these minerals. This withdrawal will only serve to increase the Nation’s dependence on foreign sources of minerals.
- Both Congress and the Executive Branch already have numerous mechanisms placing lands off-limits to mining. Title II of H.R. 2262 is ill-advised and unnecessary.

H.R. 2262 will be Devastating for Hardrock Exploration and Mining in America

- This devastation will start at the very initial stages of mineral exploration, creating a ripple effect that will extend through development and mining.
- The decline in exploration that will result from this bill will translate into no new discoveries and eventually no new mines on public land.

Nevada will Bear the Brunt of the Ill-Conceived Policies in H.R. 2262

- Because most Nevada exploration projects and producing mines are located wholly or partially on public lands and 87 percent of Nevada is comprised of public land, H.R. 2262 will create the most damage in Nevada.
- Nevada will suffer as H.R. 2262 causes a serious economic downturn in Nevada’s mining communities like Elko, Winnemucca, Battle Mountain, Eureka, and Ely.
- Nevada’s urban centers will have to make up the shortfall to help offset the economic decline in Nevada’s rural mining communities.

But the Adverse Effects of this Bill will Extend far Beyond Nevada

- H.R. 2262 will make the U.S. more reliant on foreign sources of the minerals we use every day and need for our way of life.
- As such, H.R. 2262 is contrary to the well being of Nevada and our Nation.

For more information contact:
Laura Skaer, Executive Director, Northwest Mining Association
 (509)624-1158 lskaer@nwma.org