# IMPACT OF MINING LAW REFORM

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#### House Natural Resources Committee

- Chairman Nick J. Rahall (D-W.V.), longtime supporter of reform, ranked Mining Law Reform as # 3 priority of the committee
- Uranium mining boom identified as one reason to focus on reform
- Rahall bill introduced on May 10

#### Major Provisions of Proposed Legislation

- Royalty
- Environmental Protection Standards
- Protection of Special Places
- Permanent Moratorium on Patents
- Abandoned Mine Land Fund

# Royalty

- Net Smelter Royalty approach is similar to gross royalty
- Will be imposed on all production on federal lands after enactment
- Extensive recordkeeping and reporting requirements

#### **Environmental Protection Standards**

- Soils
- Stabilization
- Hydrologic Balance
- Surface Restoration
- Vegetation
- Waste
- Sealing

- Structures
- Cultural Resources
- Roads and Structures
- Drill Holes
- Leaching
- Impoundments
- Fire Prevention
- Temporary Cessation

## **Protection of Special Places**

- Lands closed to mining
  - Wild and Scenic Rivers
  - Areas of Critical Environmental Concern
  - Sacred Sites under Executive Order 13007
  - Lands within 10 miles of a National Conservation Unit
  - Lands identified within the 2001 Roadless Area Conservation Rule

# Unsuitability Review

- Public lands are reviewed to determine whether they are unsuitable for mining
- Unsuitable if mining activities would result in significant, permanent and irreparable damage to special characteristics
- Special characteristics include existence of aquifers, National Historic Register sites, National Conservation Units, critical habitat, CAA Class I areas, Research Natural Areas, Native American resources, Outstanding National Resources Waters

### Patenting

- Makes permanent the patent moratorium that has been in place since 1994
- Exceptions for certain grandfathered claims

#### AML Fund

- Establishes fund to reclaim land and water resources adversely affected by past mineral activities
- Primarily funded by royalties and claims maintenance fees

### Timing in the House

- Mining Law Reform Bill Introduced in the House May 10, 2007.
- Committee hearings and likely mark-up before the August break.
- House floor action possible in July or held over to Fall 2007.

### Senate Consideration

- Senior staff for Senator Jeff Bingaman (D-N.Mex.), Chairman of the Senate Energy and Natural Resources Committee, has stated the Senate will review the bill that comes over from the House.
- Committee hearings and possible action in the winter 2007-08.

#### NMA Criteria for Mining Law Reform

- Provide the certainty needed for investment in mining activities on public lands by ensuring security of title and tenure
  - Mining projects are capital intensive
    Lack of investment in domestic mining leads to
    increased reliance on foreign sources of minerals
    Despite dramatic increases in minerals commodity
    prices, U.S. share of worldwide exploration budgets is
    stagnant

#### NMA Criteria

- Provide a fair return to the public in the form of a net income production payment for minerals produced from new mining claims on federal lands
  - Industry supported a 5% net proceeds royalty in legislation that passed in 1995 but was vetoed by President Clinton
  - Amount, form and transition period are critical in determining a reasonable royalty

#### NMA Criteria

- Establish an abandoned mine lands (AML) clean-up fund with revenue generated from a production payment or royalty
  - Funds should be dedicated to clean-up of historic sites, as opposed to general treasury

#### NMA Criteria

- Recognize the existing framework of environmental laws regulating virtually every aspect of mining
  - Comparison of Rahall legislation with Bureau of Land Management (BLM) 3809 Regulations
  - National Academy of Sciences congressionallymandated study on effectiveness of current regulatory framework in protecting the environment

# NMA Criteria

- Recognize existing authorities to close or declare unsuitable for mining lands with unique characteristics or of special interest
  - Access considerations
  - Mining is already either restricted or banned on more than half of all federally owned public lands with mineral potential