

IMPACT OF MINING LAW REFORM

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House Natural Resources Committee

- Chairman Nick J. Rahall (D-W.V.), long-time 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

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|-----------------------|------------------------|
| ■ Soils | ■ Structures |
| ■ Stabilization | ■ Cultural Resources |
| ■ Hydrologic Balance | ■ Roads and Structures |
| ■ Surface Restoration | ■ Drill Holes |
| ■ Vegetation | ■ Leaching |
| ■ Waste | ■ Impoundments |
| ■ Sealing | ■ 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 congressionally-mandated 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
