



Meet Alaska



Laura Skaer
Executive Director
**Northwest Mining
Association**



Federal Political, Legislative and Regulatory Challenges facing the Hardrock Mining Industry in 2013

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Who is NWMA









- A national hardrock mining association
- 2,300 members in 43 states, 9 Canadian Provinces & 8 other countries – lots of constituents
- Diverse membership from the individual prospector to the largest producer; service & supply; consultants
- Entire mining life cycle

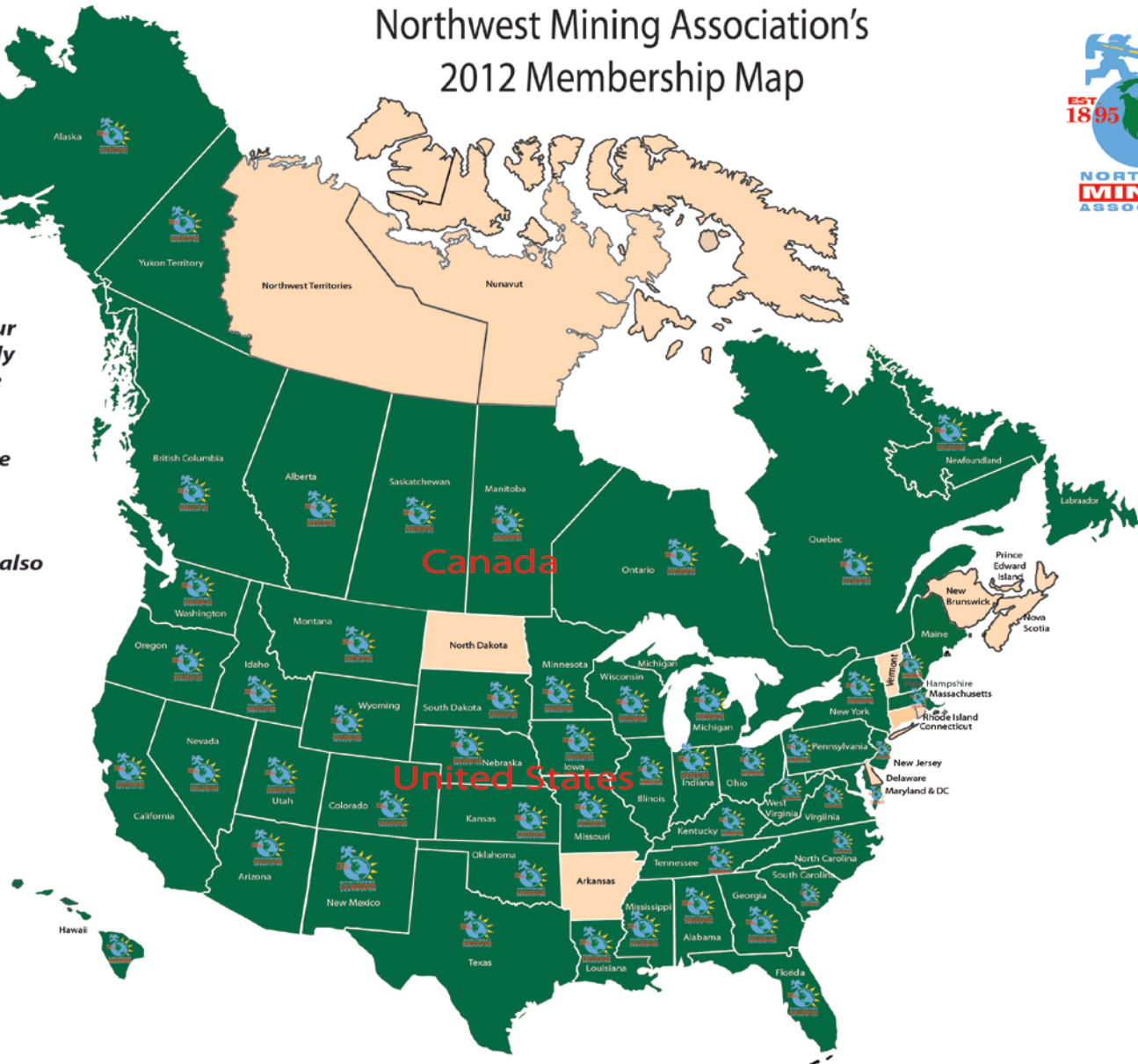
Northwest Mining Association's 2012 Membership Map



NWMA's headquarters are in Spokane, Washington, but our membership numbers proudly include a large portion of the U.S. and Canada. States and Provinces shaded in green indicate our current coverage area.

NWMA's membership roster also includes these 8 countries:

-  Australia
-  Germany
-  Mexico
-  New Zealand
-  Peru
-  Portugal
-  South Africa
-  United Kingdom



What We Do

- National voice for hardrock prospecting, exploration, and development
- Public lands, Mining Law, environmental, health & safety, public outreach
- State mining association for OR & WA
- Active Washington DC presence
- Second largest annual mining convention in U.S.

A Few Issues/Challenges

- CERCLA 108(b) financial assurance
- Critical Minerals/Permitting
- Sage-grouse (Western U.S.)
- § 404 Clean Water Act Veto
- Earning Public & Political Support

- EPA CERCLA 108(b) Financial Assurance Rule Making -- # 1 threat to hardrock mining in US
 - *Sierra Club v. Johnson* – court requires EPA to comply with 1980 CERCLA requirement to determine which industries require financial assurance to protect the taxpayer (2009) – sue and settle
 - EPA identifies hardrock mining as a priority class of facilities for financial assurance – commences rulemaking (July 2009) based on historic pre-regulation mining sites on NPL (**first but not last**)
 - NWMA & NMA determined that a proactive approach is required – can't wait and rely on APA challenges

- Met with EPA – Why mining? (psst, it's all about control)
 - BLM, USFS & all states have mature regulatory programs with robust financial assurance requirements
 - BLM currently holds \$2 billion
- Engaged Members of Congress
 - House Oversight Hearing—Energy & Commerce
 - Senator Murkowski letters to Secs. Salazar & Vilsack
 - Since 1990, how many mining plans of operation have you approved and how many are on the NPL list?
 - BLM—659 & **ZERO**; USFS –2,685 & **ZERO** (includes exploration plans of operation)
 - Appropriations' Language stripped in clean CR
- Engaged Federal Land Management Agencies
 - Defend your programs

- Engaged the States (§114(d) preemption)
 - Western Governors' Association unanimous resolution opposing any EPA rulemaking on financial assurance (Res. 11-4 December 2011)
- Engaged SBA Office of Advocacy
 - Small business review panel—NWMA a member
 - EPA must justify rule—minimize impacts on small entities
- Our proactive efforts have pushed a proposed rule from spring 2011 to spring 2014
- And we're not done

- Current status:
 - Federal Family (EPA, BLM, USFS) Facilitation with Outside 3rd Party Facilitator
 - EPA wants BLM & USFS to administer the program, do all the work and give EPA the final say
 - EPA wants financial assurance analysis in NEPA documents for all alternatives – BLM/USFS strongly oppose
 - EPA: “Not sure what it is, but we want to **control** it.”
 - Fixed rate, one-size-fits-all
 - Worst-case scenario bonding—means CASH
 - Long Term Water Quality bonding—100% upfront
 - Retroactive application to approved plans of operation

- If EPA promulgates a CERCLA 108(b) Rule:
 - State financial assurance programs are preempted (§ 114(d))
 - Control of financial assurance = control of permitting – EPA's ultimate objective
 - Giant sucking sound is capital investment in mining leaving the US

CERCLA 108(b) is Targeting Mining Today Who Is Next?

- Chemical Industry
- Refineries
- Coal Fired Generation
- Oil and Gas Production
- EPA staff -- Any business with an SIC code

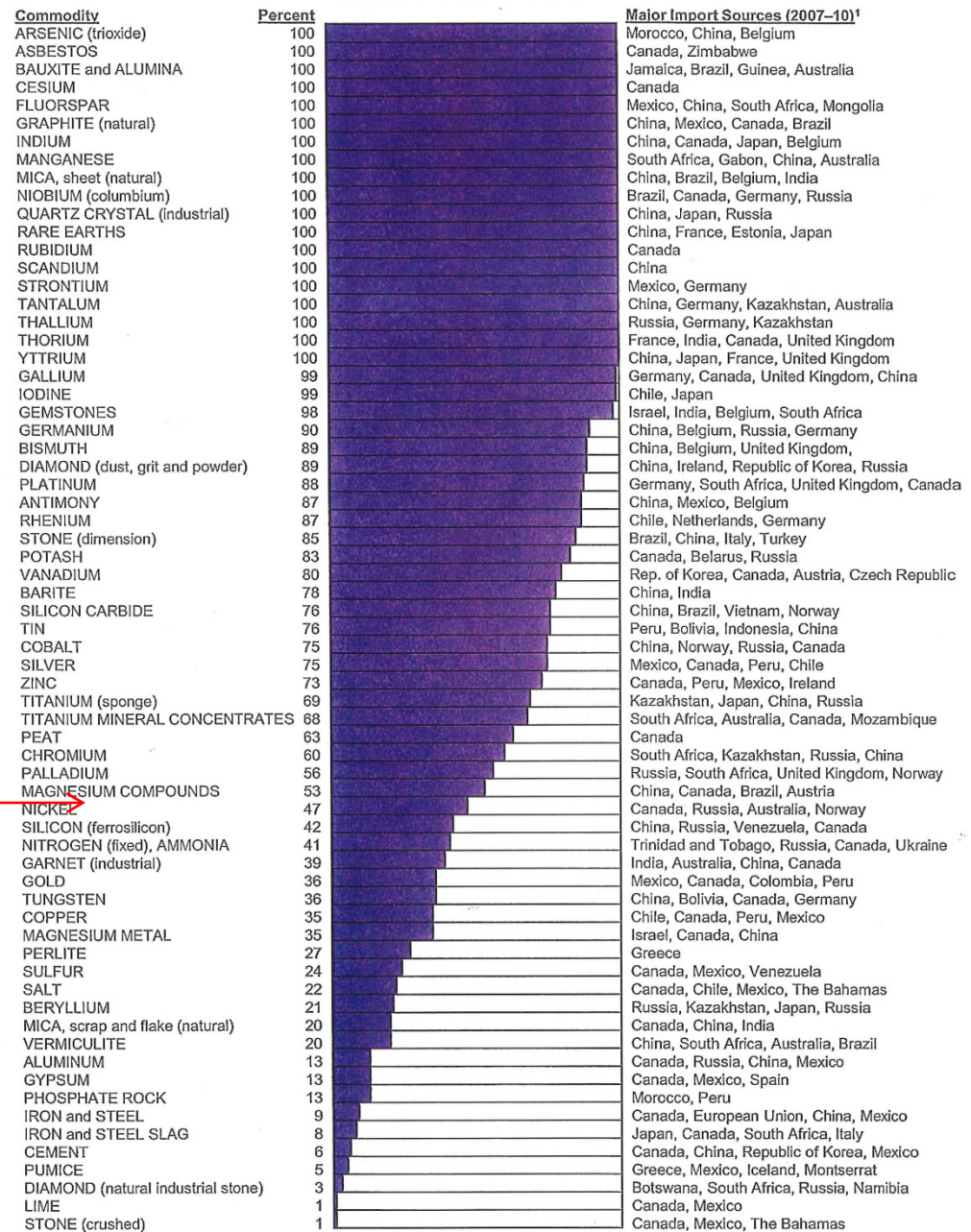
Critical Minerals/Permitting

- Goals:
 - Reduce permitting delays
 - reduce reliance on foreign sources of minerals
 - revitalize domestic critical minerals supply chain
 - Incentivize investment and job creation throughout the manufacturing supply chain
- Streamline the permitting process
 - Annual *Behre Dolbear* Report--Where “*Not to Invest*”
 - U.S. tied for last with Papa New Guinea (out of the 25 largest mineral producing countries in the world in the time it takes to obtain permits)
 - 7 to 10 year average and that’s if you’re on the fast track
 - 2 to 3 years in Canada & Australia to same environmental standards
 - Australia & Canada ranked as the best places to invest
 - US is 6th
 - Permitting risk is #1 reason given for not investing in US
 - 20% global exploration dollars in 1990, 8% today

- Streamline Permitting -- How?
 - limit the number of alternatives to be considered;
 - limit the scope of the cumulative impacts analysis to the immediate area;
 - eliminate unnecessary bureaucratic delays like the Department of the Interior's current Notice of Availability review and publication process;
 - minimize NEPA appeals and litigation;
 - Set binding requirements for maximum document length and preparation time.

- Reduce reliance on foreign sources
- We import 96% of our Rare Earths
- 100% import reliant on 19 minerals
- 50% + import reliant on 43 minerals
- **#1 importer is China**
 - Is China the new colonizer and is the US becoming its colony?
- Oil Imports are a small segment of America's import security risks

crude oil
imports



- H.R. 4402, The National Critical and Strategic Minerals Production Act of 2012
 - Broad definition of critical & strategic minerals
 - Binding time frames on permitting (30 months)
 - Lead agency determines financial assurance
 - 60 days to file for judicial review—one bite at the apple—no EAJA
 - Passed 260-156 with all Rs and 22 Ds
 - To be reintroduced in 113th Congress
- S.1113
 - Senator Murkowski with 19 co-sponsors (10 Rs and 9 Ds)
 - Goal was bipartisan sponsorship—not as strong as House
 - Requires specific studies

- Mining leads the Nation out of a recession
 - Mining projects provide an economic stimulus package that won't require deficit spending or cost taxpayers a dime.
 - High paying jobs that cannot be outsourced
 - Indirect job multiplier twice the national average
 - Responsible & safe places to work
 - Infrastructure projects
 - Energy independence requires minerals & metals
 - Our Nation's energy and mineral policies should be one and the same

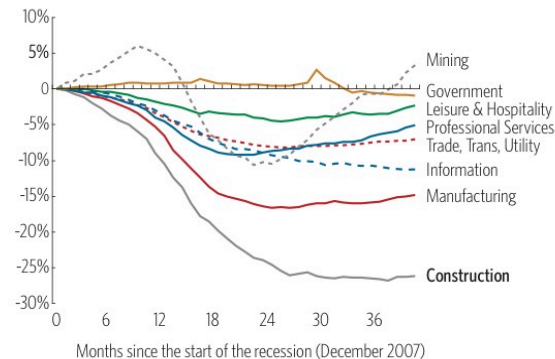
Protecting Jobs & Communities

- 2010 Mining Generated More Than 1.98 Million Jobs
- \$119 *Billion* in Labor Income
- \$50 *Billion* in Federal and State Tax Revenue



U.S. Employment Change From December 2007¹

Percent



Construction employment declined the most during the recession.

1. Total non-farm employment, seasonally adjusted. Source: Bureau of Labor Statistics

Since 2007 Mining has *added* jobs while the rest of America was in recession

The Average Wages for Mining Jobs are *33% Higher* than the Combined Average for all Industrial Jobs

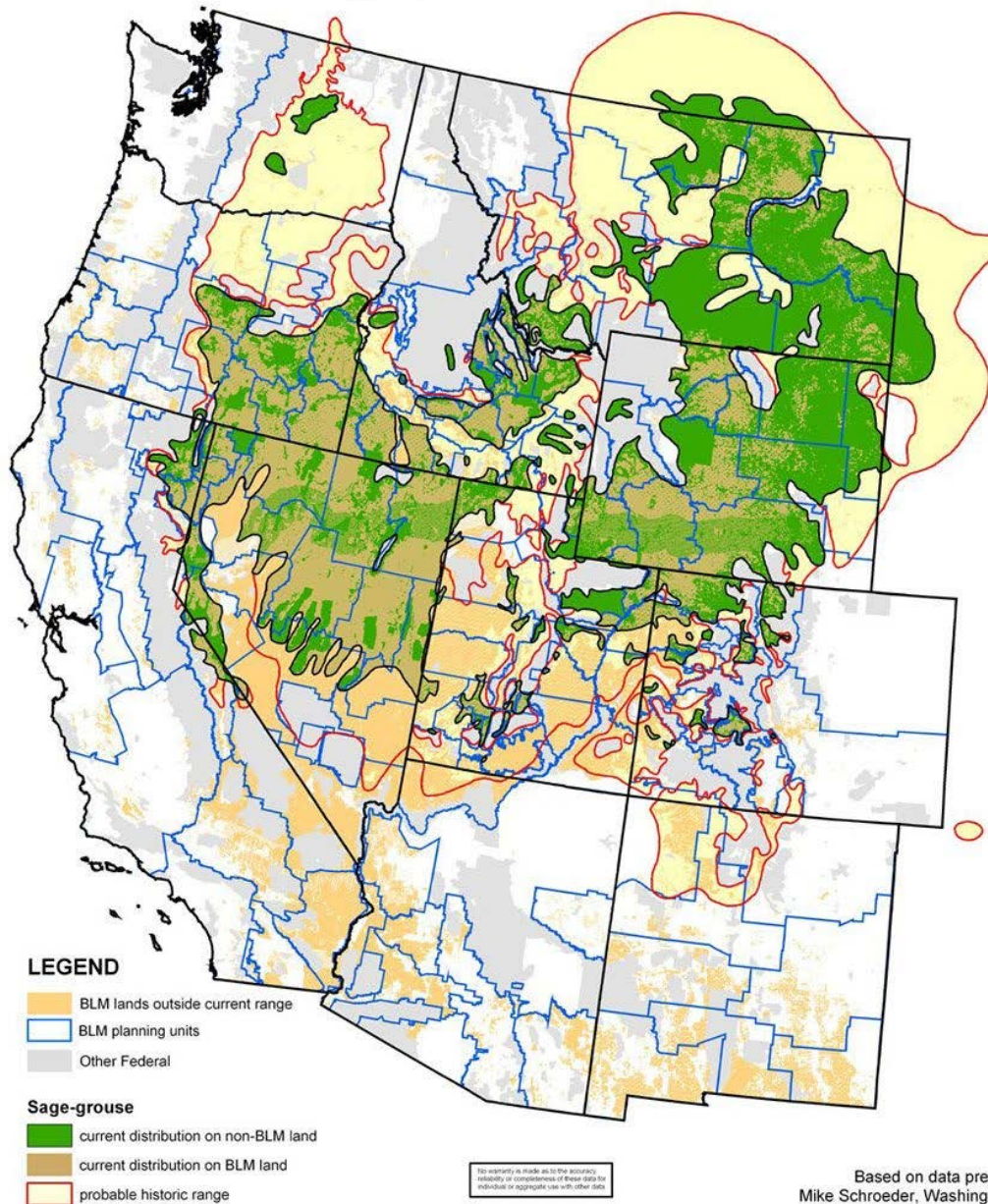
Source: The Economic Contributions of US Mining in 2010. National Mining Association

Sage Grouse

- Spotted Owl on Steroids—the lower 48's Polar Bear
- 2004 listing petitions—USFWS determines not warranted and enviros sue
- Obama administration reverses course—
"warranted but precluded" – another sue & settle
- Court orders decision by FYE 2015
- BLM/USFS amending land use plans to accommodate conservation of sage-grouse and its habitat in hopes of avoiding a listing



BLM Planning Units and Sage-grouse Occurrence



- USFWS/BLM assume human activity is the problem, but . . . It's really fire and invasive species
- Science supporting “warranted but precluded” is weak
- BLM issues its National Technical Team Report (NTT Report)
 - Draconian land restrictions
 - Judge Winmill 11/23/2012 decision “best available science”
 - **A listing preferred to NTT Report**
- Members of Congress & Governors Want Answers
- Litigation is looming

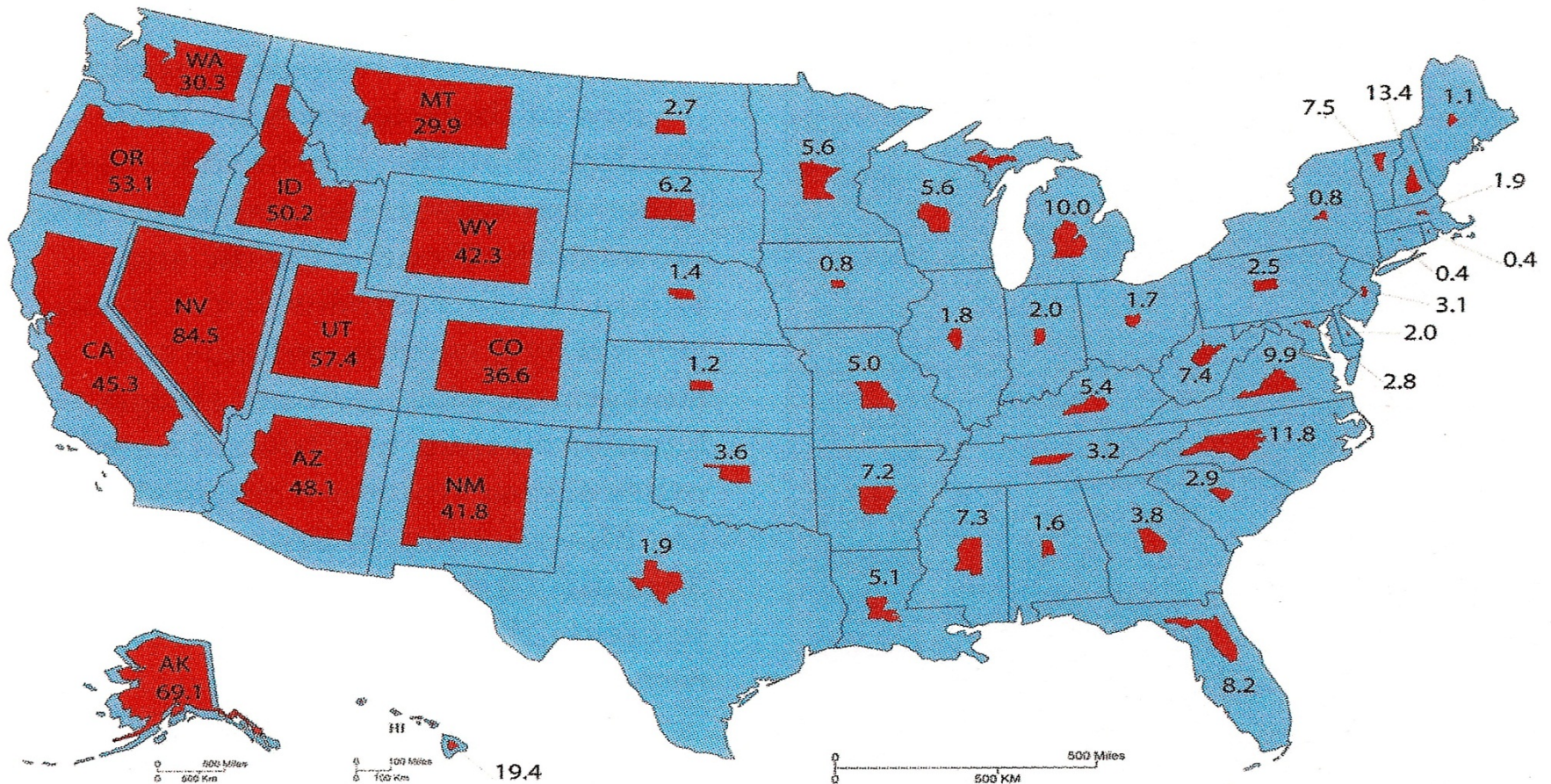
CWA §404(c) Vetoes

- Retroactive—*Spruce Mine*—court overturns, EPA appeals
- Preemptive--about more than Bristol Bay & Pebble
 - Hypothetical Concept can apply to any Watershed
 - Great Lakes next?
- Bristol Bay Draft Assessment—EPA's agenda clear
 - Peer Review Panel was unanimously critical of the science and assumptions
 - NWMA nominated Dr. William Stubblefield
- Stops More Than Mining
- Litigation is looming

The Political Challenge

WHO OWNS THE WEST?

Federal Land as a Percentage of Total State Land Area



Data source: U.S. General Services Administration, *Federal Real Property Profile 2004*, excludes trust properties.

Winning Public & Political Support

- The More You Dig – It All Starts with Mining
 - www.themoreyoudig.com
 - Target audience is 18-25 age group
 - Importance of minerals to their lifestyle
 - Where do we get our “stuff”
 - Social Media
 - Campus events & career opportunities
- Teacher workshops
- Speakers’ bureau
- NMA’s Minerals Make Life Program



Thank You

www.nwma.org

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