

**Statement of
Ned Farquhar
Deputy Assistant Secretary
Land and Minerals Management
Department of the Interior
House Natural Resources Committee
Subcommittee on Public Lands and Environmental Regulation
H.R. 696, Lyon County Economic Development and Conservation Act
April 18, 2013**

Thank you for the opportunity to testify today on H.R. 696, the Lyon County Economic Development and Conservation Act, which presents economic development opportunities for the western Nevada city of Yerington. This bill would allow the city to purchase, at fair market value, over 10,000 acres of surface land and the subsurface mineral estate managed by the Bureau of Land Management (BLM) that surround a copper mine development located on approximately 1,500 acres of private land. The BLM has a few concerns with the legislation and proposes some modifications and amendments, including provisions related to timing of the conveyance that would ensure that the Federal government receives full value for the lands and associated mineral interests. In addition, Sections 3 and 4 of H.R. 696 designate an addition to the National Wilderness Preservation System – the Wovoka Wilderness Area – on National Forest System lands managed by the U.S. Forest Service. The Department of Interior defers to the U.S. Department of Agriculture on provisions that apply to lands and programs under its management.

Background

Yerington is a small community located southeast of Carson City in Lyon County, Nevada. The BLM manages approximately 570,000 acres of public land in the county. Historically, mining and agriculture have been significant contributors to the local economy, but today, Yerington has an unemployment rate that is higher than the national average.

In February 2012, Nevada Copper Corp. broke ground on an exploratory operation at its Pumpkin Hollow mine site on private lands that are at the center of the proposed conveyance area. The city plans to annex the mine as well as the conveyance area, which will increase the tax base of both the city and Lyon County. Nevada Copper will fund the land acquisition costs for the city as well as land surveys, appraisals and cultural and natural resource evaluations required for the conveyance. In return, the city will either lease or sell certain lands that Nevada Copper requires for the development of its mine complex. Nevada Copper will also work with the city to extend water and sewer services beyond those needed for the Pumpkin Hollow mine. The city's plans envision an area where transportation, power, and water infrastructure installed for the mine will benefit other industrial and commercial users and facilitate the development of cultural and recreational areas for the benefit of Yerington.

H.R. 696

H.R. 696 (Section 2) requires the Secretary of the Interior to convey to the city of Yerington for fair market value over 10,000 acres of BLM-managed land and the underlying mineral estate – if the city agrees to the conveyance. Under the bill, the Secretary would establish the value of the land and the mineral estate in accordance with the Federal Land Policy and Management Act and

uniform appraisal standards. The city will pay the fair market value for the property and all costs related to the conveyance, including surveys, appraisals, and other administrative expenses.

The bill's 180-day time period for conveyance does not allow sufficient time to complete reviews and consultation with parties under the National Environmental Policy Act and the National Historic Preservation Act or conduct appraisals to establish the fair market value of the surface and mineral estates. To its credit, the city has moved ahead and already sought and been granted permission to perform cultural survey work on the area. The preliminary findings of this survey indicate that there are sites in the conveyance area that may be eligible for inclusion in the National Register of Historic Properties. Resolution of adverse effects, or an agreement for the resolution or preservation, should be addressed before the sites pass from Federal ownership. The BLM recommends a one-year time period to complete all the necessary work associated with the conveyance.

The area's longstanding relationship to mining poses two other challenges not taken into account in the bill. Although originally there were a number of mining claims held by parties other than Nevada Copper, the BLM understands Nevada Copper has purchased many of these mining claims. According to the BLM's mining claim database, there are 11 other outstanding mining claims. We understand that Nevada Copper is making arrangements that may resolve this issue. The BLM generally does not convey lands with mining claims. If left unresolved, H.R. 696 leaves open the question of who would administer these other mining claims, which by default leaves the responsibility to the BLM to conduct validity exams and resolve other issues such as site remediation. According to the city, one of the stated goals of this bill is to "expedite near term and long term development of mining facilities." If the BLM manages these claims but not the surrounding surface rights, conflicts may occur that would hobble this goal of expedited development.

The area's mining legacy poses a second and potentially dangerous situation. The Nevada Division of Minerals has identified abandoned mine features on the public lands to be conveyed to the city, a few of which may present potential hazards to the public. We would like to work with the proponents of this bill to resolve this issue. For example, the United States government should be indemnified from any future liabilities arising from any hazardous features. In addition, there are a few technical changes the BLM suggests for the bill on matters such as the conveyance parcel boundary.

Conclusion

Thank you again for the opportunity to testify on H.R. 696. This legislation is important to the people of this area, and the BLM looks forward to working with the sponsor and the committee. I would be glad to answer your questions.