

**Statement of
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**U.S. House of Representatives
Committee on Natural Resources
Subcommittee on Energy and Mineral Resources**

**Oversight Hearing:
*“Mining in America: The Administration’s Use of Claim Maintenance Fees and
Cleanup of Abandoned Mine Lands”***

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Introduction

Thank you for inviting the Bureau of Land Management (BLM) to testify today on mining claim maintenance fees and the cleanup of abandoned mine lands. The BLM is responsible for regulatory oversight of hardrock mining on public lands under the Mining Law of 1872 and the Federal Land Policy and Management Act of 1976 (FLPMA). The BLM collects one-time claim location fees and annual claim maintenance fees and a portion of the revenues generated by these fees are appropriated back to the BLM each year to offset the costs of the Mining Law Administration program.

The BLM also remediates lands and waters impacted by abandoned hardrock mines with the aim of protecting the public and the environment, while preserving the historically significant mining heritage of the lands. The BLM maintains an inventory of known abandoned mines located on BLM-managed lands and searches for unidentified abandoned hardrock mines. These activities are carried out by the BLM’s Abandoned Mine Lands (AML) program with annual discretionary appropriations.

Mining Law Administration

The Mining Law of 1872 (Mining Law) provides for locating and patenting mining claims where a discovery has been made of valuable locatable minerals on public lands, primarily in the western United States. Under the Mining Law and FLPMA, the BLM regulates the extraction of locatable hardrock mineral resources on public lands and conducts mineral examinations to determine valid existing rights when appropriate. The BLM administers mining claims recordation for the Federal government and collects one-time claim location fees and annual claim maintenance fees. Currently, there are about 406,000 mining claims nationwide.

The BLM also processes Notices for exploration and Plans of Operations for hardrock mining on lands under its jurisdiction. Reclamation plans are evaluated and bonds are posted to ensure adequate financial guarantees, including for reclamation. Since 1990, none of the 734 sites with

plans of operations authorized by the BLM have been placed on the Environmental Protection Agency's Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) National Priorities List.

In 2001, the BLM made substantial changes to its surface management regulations that strengthened bonding requirements for mining operations. The BLM now requires financial assurances for all surface disturbances above casual use in an amount sufficient to cover the costs of hiring a third-party contractor to fully reclaim the disturbance authorized under the Notice or Plan of Operations. Operators are not allowed to begin any surface disturbance guaranteed by the financial guarantee until the BLM has accepted and obligated the bond. The BLM reviews reclamation cost estimates every three years (every year if the operation is bonded incrementally) and requires the operator to increase bond coverage, if necessary. As of October 1, 2012, the BLM holds \$2.2 billion in financial assurances.

Since 1993, Congress has required mining claimants to pay an annual claim maintenance fee to hold their claims and sites. The claim maintenance fee is currently \$140 per claim for lode claims, mill sites, and tunnel sites, and \$140 per 20 acres or portion thereof for placer claims. Congress also added a one-time claim location fee in 1993. The claim location fee is currently \$34 per claim. In Fiscal Year (FY) 2012, the fees generated approximately \$65.8 million in combined revenues. A portion of the revenues generated by the fees are appropriated back to the BLM each year to offset the costs of the Mining Law Administration program. In FY 2013, the BLM originally received \$39.7 million for this program. As a result of sequestration, that amount was reduced to \$37.7 million.

Abandoned Mine Lands

The BLM's AML program addresses mine sites that were abandoned prior to January 1, 1981, the effective date of the BLM's surface management regulations (43 CFR Subpart 3809). Prior to 1981, there were no regulations in place to regulate prospecting, exploration and mining activities on BLM-administered lands. The BLM's AML program addresses both mine physical safety risks, such as open shafts and portals, as well as environmental impacts to other resources, such as water, soil and wildlife. The BLM remediates these sites with the aim of protecting the public and the environment while preserving the land's historically significant mining heritage. The BLM maintains an inventory of known abandoned mines located on BLM-managed lands and continues to search for currently unidentified abandoned hardrock mines and mine features. According to BLM inventory data as of May 2013, there are over 78,000 features (such as physical hazards and environmental contaminants) associated with 41,000 abandoned mine sites. Together with the collaborative efforts of Federal, state and local partners, the BLM is making progress to remediate these hazards left from the nation's mining legacy. Of the 41,000 abandoned mine sites, about 25 percent have either been remediated or have reclamation actions planned or underway. Most of the remaining 75 percent require further investigation and remediation, posing a significant challenge as the BLM seeks to protect public health and safety, as well as the environment.

The BLM's AML program budget is approximately \$16 million for FY 2013. The BLM places the highest priority on conducting on-the-ground remediation at high-priority sites that have been inventoried and newly discovered sites that pose a high risk due to population expansion and the increase in recreational activities into remote locations. The prioritization process ranks AML sites based on physical safety risk and the potential for environmental impacts including impacts to watersheds and potential risk to public health and/or safety.

The BLM prioritizes partnerships with other Federal, state, local, and tribal agencies to leverage AML funding to inventory abandoned hardrock mine sites, close abandoned hardrock mining shafts and adits, and remediate environmental contaminants at such sites. The BLM has established assistance agreements with abandoned mine land programs in various states, including Arizona, California, Colorado, Idaho, Montana, Nevada, New Mexico, Utah, and Wyoming. Further, non-governmental partners also play a significant role in the AML program. For example, Bat Conservation International assists the BLM in identifying those abandoned mines that provide bat habitat and coordinates with the BLM to preserve that habitat with bat-friendly closures.

President's Budget Legislative Proposals

The President's Budget for FY 2014 includes a legislative proposal that would provide a dedicated funding source to address the issue of abandoned hardrock mine sites on public lands. Just as the coal industry is held responsible for abandoned coal mine sites, the Administration proposes to hold the hardrock mining industry responsible for abandoned hardrock mines. The legislative proposal would levy an AML fee on uranium and metallic mines on both public and private lands. The proposed AML fee on the production of hardrock minerals would be charged on the volume of material displaced after January 1, 2014. The receipts would be split between Federal and non-Federal lands. The Secretary would disperse the share of non-Federal funds to each State and Tribe based on need. Each State and Tribe would then be able to select priority projects using established national criteria. The proposed hardrock AML fee and reclamation program would operate in parallel with the coal AML reclamation program as part of a larger effort to ensure the Nation's most dangerous abandoned coal and hardrock AML sites are addressed by the industries that created the problems.

The President's Budget for 2014 also includes a legislative proposal that would reform hardrock mining on federal lands to provide a fair return to the taxpayer from hardrock production. The Administration proposes to institute a leasing program under the Mineral Leasing Act of 1920 for certain hardrock minerals including gold, silver, lead, zinc, copper, uranium, and molybdenum, currently covered by the General Mining Law of 1872. New mining claims for these minerals would be governed by the new leasing process and subject to annual rental payments and a royalty of not less than 5 percent of gross proceeds. Half of the receipts would be distributed to the States in which the leases are located and the remaining half would be deposited in the Treasury. Existing mining claims would be exempt from the change to a leasing system, but would be subject to increases in the annual maintenance fee under the General Mining Law of 1872. The proposal would also increase annual maintenance fees and eliminate the fee exemption for miners holding 10 or fewer mining claims. These changes would discourage speculators from holding claims that they do not intend to develop.

Conclusion

Thank you for the opportunity to testify today. The BLM looks forward to working with the Subcommittee and the Congress to ensure that mineral resources are developed in an economically and environmentally responsible way, and to address abandoned mine sites on the public lands. I am happy to answer any questions.