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Honorable Jim Costa, Chairman
Subcommittee on Energy and Mineral Resources
1114 Longworth, HOB
Washington, D.C. 20515

Dear Congressman Costa,

This letter contains my prepared testimony for your legislative field hearing on H.R.2262, the Hardrock Mining and Reclamation Act of 2007. In the way of introduction, my name is Jon Hutchings; I represent Eureka County, Nevada as Director of the Eureka County Department of Natural Resources. Until very recently, I served as principal advocate for the community, negotiating the myriad of renewable and non-renewable resource issues facing rural Nevada. I have seventeen years of experience dealing with both technical and policy concerns of natural resource management. Besides my tenure with Eureka County, my experience includes five years as a co-principal investigator for the Idaho Water Resources Institute and four years as a research soil scientist at the University of Idaho. I hold a Ph.D. in Soil Science and an M.S. in hydrogeology from the University of Idaho. I am a Certified Professional Soil Scientist, serve as Vice President of the Nevada Water Resources Association, and served on the Secretary of Interior's Northeastern Great Basin Resource Advisory Council. My training and work experience provide a solid backdrop for addressing H.R. 2262 in a fashion that balances economic needs with those of our human and natural environment.

Boom and bust cycles have shaped the custom and culture of western mining communities for some 150 years (see Attachment 1, Gold Production, 1835-2005). The impacts of boom and bust are evident in the empty buildings and glory day stories touted in walking tours and museums of historic mining districts across the west. Unfortunately, the social transitions that accompany this economic model impose a tremendous strain on the fabric of contemporary rural life. Recent examples of this struggle include Lead, North Dakota, which is presently struggling with closure of the longest operating (1876-2003) mine in the United States and Ely, Nevada, which is presently recovering from the 1978 and 1997 closures of its vast copper mines. Given the magnitude of the present boom and its influence on western mining economies, we can expect that the next bust will deliver a greater blow to a greater number of Americans than has ever been experienced in the past.

As host to the largest gold deposits in the continental United States, Northern Nevada is squarely in the middle of these economic circumstances. Our communities have an

enormous amount to gain from the mining industry, but are poised to suffer a major correction in population, employment, revenues, social services, and other amenities that have come with increased mining activity. Our quest is to apply the resources availed us by geographic fate and by the vitality of the mining industry to temper the inevitable changes in our economic future. It is from that perspective that I wish to address proposed changes to the 1872 Mining Law. I have no reason to doubt that mining communities, the mining industry, and their State and Federal partners can make great progress toward sustainable economic, social, and environmental conditions in the rural west if we pursue a collaborative and progressive agenda. *The responsible role of any mining law revision must honor this precept and, I believe, this should be the aim of H.R. 2262.* To that end I wish to contemplate three provisions of the present bill that will unquestionably diminish the role that communities play in mining-related decisions.

- 1) Title I provisions requiring a net smelter return royalty. Like most Americans, I have only passing concern about how government exacts tax revenues from the mining industry. As long as revenues are sufficient to offset the burden that mining places on communities and the cost to the industry does not unfairly limit future investment, I am happy. That said, I believe that the proposed royalty will cause revenues to be shifted from active mineral producing communities where the likelihood of future impacts is greatest, to be sequestered in higher levels of government. An example of this phenomenon is the transfer of coal mining revenues away from producing states like Wyoming to cover the costs of closing less productive and environmentally challenged operations in the East. The outcome is inevitable. Local mining communities in Nevada will be hobbled in their ability to offset the additional health, safety and welfare burdens that mines place on local government. In addition, it is likely that Federal gross proceeds payments will be offset by a) reduced direct contributions to local communities and b) reductions in state Net Proceeds of Minerals tax payments. I ask that the Committee diligently research and address the unintended consequences that the proposed royalty will have on those communities most directly affected by mining activity.
- 2) Title II provisions closing enormous tracts of land to mining. Mining counties are against wholesale withdrawal of lands from mineral entry. Traditionally, Congress has looked at lands with high esthetic or environmental values on a case-by-case basis, fully analyzing the costs and benefits of withdrawal. The present proposal contemplates withdrawing 58M acres from entry with little or no consideration of economic impacts to the communities that depend on those lands. I am particularly concerned about withdrawal of Wilderness Study Areas. The Bureau of Land Management has followed its Congressional mandate to recommend an appropriate management scheme for these lands (as either Wilderness or not). Congress has never acted on the recommendations, so has not determined whether the lands are suitable for the level of protection afforded by mineral withdrawal. Wholesale withdrawal of lands from mineral entry will directly impact local mining communities by damping mineral exploration and reducing the pipeline of viable future projects, greatly exacerbating the next bust. I ask that the Committee honor the thoughtful research- and analysis-based approach to land withdrawals that has been employed in the past.

- 3) Title III provisions eliminating life-of-mine permits and duplicating existing permitting requirements. From my perspective, these provisions are most onerous for communities, because they drastically increase the burden on local government while offering little or no improvement over the status quo. Many arguments against this provision focus on the idea that financial markets will find the additional uncertainty too risky to underwrite. I would like the proponents of the provision to consider the impact of that uncertainty on mining communities. Already, local governments are hard-pressed to sustain effective engagement in the complicated process of permitting mines. For Eureka County that means signing onto the NEPA process as a Cooperating Agency, organizing and supporting a standing volunteer NEPA Committee and diverting staff and elected officials to the cause. Even in today's permitting environment many of these projects end up being non-starters. Imposing a greater permitting burden and more uncertainty in the outcome without clear benefit will surely prompt less involvement by the public most at risk. I ask that the Committee do everything in its power to fully understand the scope of existing environmental regulations before mandating more. In the same vein, I ask that you reconsider the benefits of term permits. This provision will result in another underfunded mandate for those who administer these permits, cause a backlog of permits akin to the USFS and BLM grazing permit renewals, and discourage involvement in permitting by affected communities.

As a spokesman for local government, I applaud you for addressing this extremely important bill in a community that is acutely affected by your decisions. I ask that that this Committee, together with the State of Nevada, Nevada's mining counties, the mining industry, and the affected public commit to continued dialog on these issues to ensure that mining in America remains a viable and responsible contributor to our community.

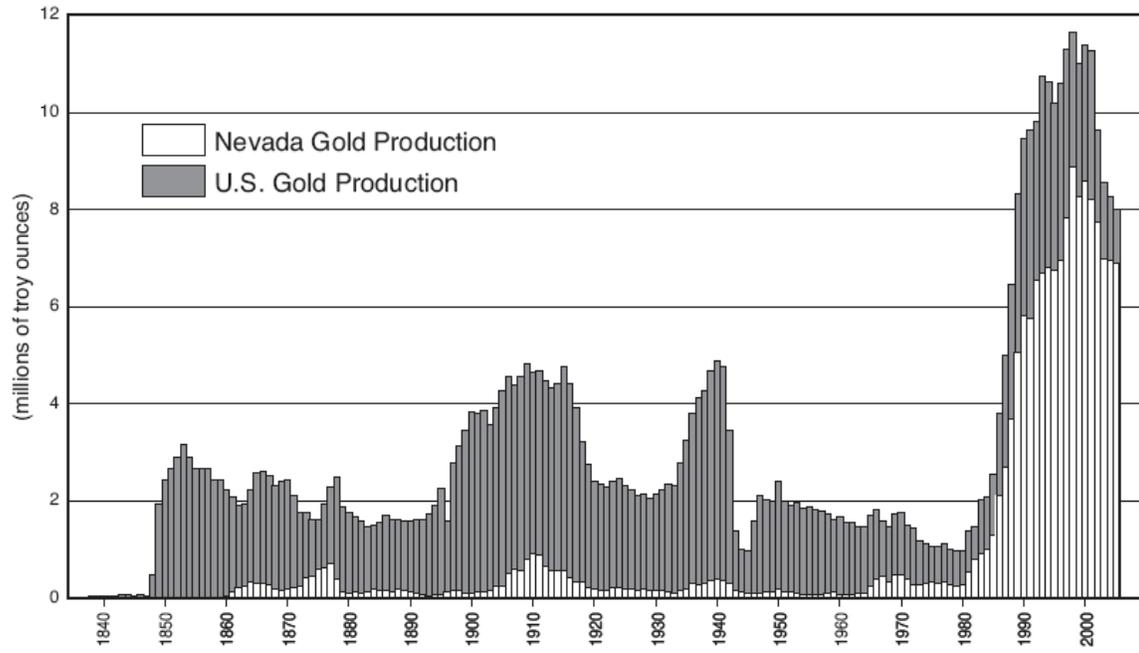
Respectfully,

/s/ Jon Hutchings

Jon Hutchings,
Natural Resources Manager

Cc: Board of Eureka County Commissioners
Nevada Association of Counties
Nevada Mining Association
Northwest Mining Association

Attachment 1



United States and Nevada gold production from 1835 through 2005. Data from U.S. Gold Industry 1998 (NBMG Special Publication 25) by J.L. Dobra and from the U.S. Geological Survey.