

# BULLETIN

## Northwest Mining Association

APRIL 2007

### Spokane, Here We Come

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Coming off of one of the most successful NWMA Annual Meetings in the last 10 years, we are looking forward to holding the 2007 Annual Meeting in the beautiful, new Spokane Convention Center and fully remodeled Doubletree Hotel. The new convention center facility is located on the east side of the Doubletree Hotel. The Azteca Mexican Restaurant was moved to make room for the Convention Center. The Convention Center now has 100,000 square feet of prime exhibit space with virtually no height or weight limitations. Thus, for the first time since 2000, our exhibitors will be able to display equipment of all types. The new Convention Center was recently featured on national TV when Spokane hosted the 2007 U.S. Figure Skating Championships.

The Convention Center is now connected to the third floor of the Doubletree Hotel, allowing those staying in the hotel to access the exhibits without going outside. In addition, most of the technical sessions will be held in the ballrooms of the Doubletree Hotel, adjacent to the entrance to the new Convention Center.

The new exhibit hall has been designed for 240 exhibit spaces (70 more than last year), and as of this writing only 80 spaces are left. **Exhibitors**, don't wait until it's too late. Call Mike Heywood in the NWMA office today and reserve your booth space for 2007.

NWMA's Annual Meeting is known for combining a great trade show with an outstanding technical program and short courses, incredible networking and loads of social activities. 2007 promises to be even better than 2006. Convention Chairman, **Dave Caldwell**, President and COO, **Golden Phoenix Minerals, Inc.**, has begun the process of selecting session chairs and putting the technical program together. If you are interested in chairing a session, or giving a paper, or organizing a short course, contact either Dave at [dcaldwell@golden-phoenix.com](mailto:dcaldwell@golden-phoenix.com) (775) 853-4919, or Pat Heywood at the NWMA office.

Thanks in part to the efforts of Dr. Dirk van Zyl, professor at the Mackay School of Mines, 60 students attended and benefited from our 2006 Annual Meeting. As a result of this success, NWMA's Board of Trustees created a student travel assistance fund to help students with travel and other expenses so they can attend the 2007 Annual Meeting. If you or your company would like to contribute to this fund, please contact Laura Skaer in the NWMA office.

Mark your calendar today and make plans to attend NWMA's 113<sup>th</sup> Annual Meeting, Exposition and Short Courses, December 3-7, 2007, in Spokane's beautiful new Convention Center. This year's meeting promises to build on the success of 2006 and be even better. Watch the NWMA website and your email inbox for convention updates as they become available. See you in Spokane!



10 N. Post St., Ste. 220  
Spokane, WA 99201-0705  
Tel: (509) 624-1158  
Fax: (509) 623-1241  
website: [www.nwma.org](http://www.nwma.org)

Laura Skaer, Executive Director  
Pat Heywood, Layout & Design  
Mike Heywood, Contributing Writer  
Kathy Wilson, Document Production  
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## Members in the News...

### Ascendant Signs Agreements on Junin

On March 20, **Ascendant Copper Corporation** signed separate agreements with members of the government of Ecuador and an anti-mining ecological group regarding its copper project Junin in Ecuador in the hope of restoring the rule of law and reducing tensions. The opposition group agreed to open all roads in the area which they had previously blocked, guarantee free access to everyone including Ascendant employees, deliver to the police their stores of arms, and return to Ascendant the demonstration farm that had been illegally seized the preceding week.

Ascendant agreed to substantially reduce the work force from 159 to 48 and to reduce its activities which include provision of medical and dental care. Most of the workers were local community members who assisted in agricultural activities on the demonstration farm and with social and community programs.

The government will organize a commission of community leaders, government officials, and Ascendant representatives to ensure compliance. It also announced a plan to begin a study of the region to fund a permanent resolution to problems in the area.

Ascendant views the signing of the agreements as a positive step forward by bringing the government into the process, guaranteeing access, and reducing conflict.

Junin is in an area considered to be one of the poorest regions in a country not known for opulence. Most people in the area live on less than \$200 per year. Education and social infrastructures are abysmal. The rainforest is disappearing at an alarming rate as the residents harvest trees for economic survival. Water and sanitation are in a state that will take years to correct. Ascendant is to be congratulated for its willingness to recognize that the true polluter is poverty and for trying to help a desperate people in a desperate circumstance.

### Coeur to Build Mill for Martha

**Coeur d'Alene Mines Corporation** has committed to building a flotation mill at its Martha Mine in Santa Cruz province in Argentina. The projected cost of the mill is \$13.9 million. As designed, the mill will be able to handle annual silver production of 3 million ounces of silver. Coeur expects the mill to be completed by year end. Ore from Martha is currently processed at the company's Cerro Bayo facility in Chile.

Coeur has had continued success in expanding the high-grade reserves at Martha which now stand at an average of 61 ounces of silver per ton placing the mine among the highest grade silver mines in the world. Additionally, the company has acquired 4 highly prospective silver-gold exploration properties in the Santa Cruz province and has budgeted \$4.6 million for exploration on these prospects in 2007.

The stand alone mill will help reduce the cash operating cost by processing the ore on site. Production in 2006 approached

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2.7 million ounces of silver and 3,400 ounces of gold. The mine was acquired in 2002 for \$2.5 million and has produced more than 9.5 million ounces of silver since that time.

### Public Support for Idaho Cobalt Project

**Formation Capital Corporation** reported that public meetings held by the U.S. Forest Service on Formation's proposed Idaho Cobalt Project produced a broad display of public support for the project and the jobs it will create. The hearings were held in Salmon and Challis, Idaho and concerned the recently released Draft Environmental Impact Statement.

Economic contributions from the mine are estimated by Formation to exceed \$8 million annually in local, state and federal taxes and create 157 jobs in Lemhi and Custer counties.

The deadline to submit comments to the USFS is April 24. Comments are preferred to be specific to the Draft EIS, but may be generic in nature. Interested parties may submit written comments by that date to ensure the Record of Decision reflects those concerns. The address is Mr. Bill Wood, Salmon-Challis National Forest, 1206 S. Challis St. Salmon, ID 83467.

### NewWest Gold Identifies New Gold Mineralization at Abel Knoll

**NewWest Gold Corporation** has announced that Phase Two drilling at the Abel Knoll discovery at the Sandman Project in Humboldt County, Nevada expanded a previously identified mineralized zone and discovered a new mineralized zone to the east-northeast of the known mineralization. Phase One drilling (announced in October, 2006) included two exploration holes both of which encountered gold values. AK06-2 hit 420 feet of continuous mineralization starting at 245 feet with an average grade of 0.087 opt Au, including a higher grade interval of 0.397 opt Au starting at 350 feet and another of 100 feet beginning at 535 feet averaging 0.192 opt Au.

Phase Two included 25 reverse circulation holes for 12,665 feet. Twenty one of these holes were designed to determine size and geometry of the mineralized zone identified in Phase One. Results show a steeply-dipping, pipe-shaped mineralized body that is approximately 400 feet long in an east-west direction, 150 feet wide in a north-south direction, and is 600 feet deep. Hole AK06-23 hit 325 feet of 0.035 opt Au and was lost in  
*(continued on next page...)*



## Members in the News... (Continued)

(NewWest Gold... continued)

mineralization due to bad ground conditions at 460 feet. Four holes tested an inferred structural trend near AK06-1 and all found mineralization in the newly discovered zone that may be related to an east-west or east-northeast trending structure. AK06-26 found 80 feet of 0.029 opt Au starting at 360 feet. AK06-20 encountered 45 feet of 0.033 opt Au at 170 feet. AK06-25 returned 75 feet of 0.023 opt Au at 245 feet.

NewWest Gold reports that these results are similar to those that tested the shape of the zone including AK06-4 which resulted in 100 feet of 0.039 opt Au at 330 feet. AK06-14 yielded 150 feet of 0.031 opt Au at 550 feet. AK06-23 turned up 195 feet of 0.136 opt Au at 285 feet, including 25 feet of 0.604 at 425 feet and 5 feet of 1.8 opt Au at 440 feet.

Due to significant groundwater in the pipe-shaped body, NewWest Gold plans to verify high-grade zones with two core holes. Additional reverse circulation drilling is planned to investigate the extent of the new discovery.

## Queenstake and YGC to Combine

**Queenstake Resources Ltd.** and YGC Resources Ltd. have completed their mutual due diligence and executed a comprehensive Combination Agreement to combine the two companies under the name Yukon-Nevada Gold Corporation. The transaction has been structured, by way of a plan of arrangement, as an acquisition by YGC of all of the outstanding shares and other securities of Queenstake on the basis of one share of YGC for each 10 outstanding common shares of Queenstake. A break up fee of 5% of the non-completing company's market value will be payable under certain circumstances should the arrangement not be completed.

Under the terms of the agreement, the Board of Yukon-Nevada will be comprised of all the directors of YGC, Dorian Nichol, and Peter Bojtos. The president and CEO of Yukon-Nevada will be Graham Dickson (current president of YGC) and the Executive Vice President of Exploration will be Dorian ("Dusty") Nicol (currently president of Queenstake). In addition to the customary approval by shareholders, the Courts, and regulatory acceptance, significant financing is to be completed by YGC for the benefit of Yukon-Nevada.

YGC Resources has several advanced projects in Yukon and British Columbia. Queenstake owns the Jerritt Canyon complex in Nevada which is 119 square miles of exploration potential and former and current operating mines which have produced over 7.5 million ounces of gold since 1981.

**Review and Renew...** The annual **Service Directory** sign up forms are coming your way. If you missed out last year, this is your chance. The **Professional Services** section is the place to be. *Be There!*

## In Memoriam

**Neal A. Degerstrom** passed away on June 11, 2006 in Spokane, WA at the age of 81. He was a long time member of Northwest Mining Association, serving as a member of the Board of Trustees from 1983 to 1985, and was elected a Life Member in 1999. Neal entered the family business and took the helm of N.A. Degerstrom, Inc. in 1950, soon expanding the company into highway and dam construction. In 1961, he entered the mining industry, first procuring mining contracts for phosphate ore for Monsanto. This work led to precious metals mining beginning with Pegasus Gold Corporation in 1981. Since that time, the mining division of the company has grown into several western states and employs over 100 people. He is survived by his wife Joan, 4 daughters and eight grandchildren.

**Jacqueline R. Evanger**, 79, passed away July 15, 2006 as a result of lung cancer.

Jackie's professional life in mining began when she became the technical librarian for the Climax Molybdenum Mine, a position she held for 22 years. She served as Vice President of the Mining & Minerals Institute devoting herself to further the interests and education about mining, minerals and earth sciences. At MII she helped revise geology textbooks, prepared teaching materials and gave presentations about mining, minerals and geology to K-12 students in Colorado and surrounding states' school systems.

Jackie is survived by friends around the world, her sons Scott Pyles and Rudd Knutzen and their families, and by her brothers, Bill and David Gorsuch and their families.

Jackie was a long time NWMA member and she will be missed. Memorial contributions may be directed in memory of Jackie Evanger to the National Mining Hall of Fame and Museum, Box 981, Leadville, CO 80461.

**Thor Kiilsgaard** passed away in October 2006 at the age of 87 in Spokane, Washington. He was a long time member of Northwest Mining Association and recipient of the NWMA Distinguished Service to the Mineral Industry Award in 1991. Thor joined the U.S. Geological Survey in 1951 and worked in a variety of positions including Geologist-in-Charge of USGS work in the DMEA program, Chief Branch Resources Research, Geologist-in-Charge of the USGS Wilderness Program and Chief of the US-Saudi Arabian Program, and as Geologist-in-Charge of the Geologic Division work of the USGS until his retirement in 1989. Thor continued to work for the USGS as a volunteer scientist for more than 15 years. He has more than 100 published reports and geologic maps to his credit, many concerning the State of Idaho. Governor Andrus appointed him Honorary State Geologist in 1989 in recognition of his contributions.

His many honors include the Silver Star and Bronze Star for valor in action; Distinguished Service Award from the Department of the Interior; the Distinguished Member and the Legion of Honor Awards from the Society for Mining, Metallurgy, and Exploration; the Distinguished Member Award from the University of Idaho (College of Mines and Earth Resources); and an Honorary Doctorate of Science degree from the University of Idaho (2004). He was preceded in death by his wife, Martha, of 59 years, in 2005. He is survived by two daughters and a son; four grandchildren; and two sisters and three brothers.



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Pat Heywood at the NWMA office, (509) 624-1158 x 12, or email [pheywood@nwma.org](mailto:pheywood@nwma.org).  
We look forward to hearing from you soon.

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## Other Industry Headlines ...

### NWMA/NNRI Teacher Workshop

Twenty-four K-12 teachers participated in the Mining and Mineral Resources Teacher Workshop, August 9-11, 2006, hosted by the Northwest Mining Association and the Northwest Natural Resources Institute. The workshop was held at the West Valley Outdoor Learning Center in Spokane, Washington, and teachers were eligible to earn education clock hours or credit through Eastern Washington University and the University of Idaho.

Teachers participated in classroom sessions and “hands-on” learning activities. Sessions were designed to explore rocks, minerals, the rock cycle, the extraction and the uses of minerals, identifying resources, mining techniques and reclamation. Activities included “Orange Peel Plate Tectonics,” “Peanut Butter and Jelly Geology,” “Cupcake Core Drilling,” “Chocolate Chip Cookie Mining,” panning for gold, and making toothpaste. Teachers also toured Central Pre-Mix in Spokane and the Troy Mine in Montana to see first-hand where the minerals we use every day come from, how they are extracted and how the land is reclaimed.

Each teacher received an “Out of the Rock” canvas bag full of educational resources including lessons plans, posters, games and videos. Additionally, each teacher received rock and mineral kits and many teachers won special “door prizes” throughout the course. Thanks to the generous financial contributions of Barrick Gold, Coeur d’Alene Mines, Crown Resources, Hecla Mining Company, Kinross Gold, Mines Management, Revett Minerals, Teck Cominco American, WAIME and NWMA, we were able to provide the teachers with these valuable resources to take back to the classroom.

Teachers gave the workshop overall high ratings on their course evaluations. Here is what one teacher said about the workshop:

“I found the Mining and Minerals Teacher Workshop to be very worthwhile! Lots of highly useful information and hard copies of the same! You’ve made my job as an educator all that much “easier.” I’m keen on developing curriculum apart from standard, sanitized textbooks. My workshop experience with the presenters, activities, and materials will definitely enhance my teaching of Earth Science. The structure of the workshop also offered us the opportunity to interact with all of you for further investigation and questioning (a workshop “make or break” trait for me). It is obvious that you all enjoy your work. I’ll do my best to pass this same enthusiasm along to my students. Being that I have both an education and work experience in mineral exploration and mining, and that I am a fairly staunch environmentalist, I also found the workshop impressive in the knowledgeable comments/information on how well the mining industry is addressing environmental issues. Thanks once again for a great workshop.

Steve Baran, Horizon Middle School”

Thanks to the generous financial support of the companies and organizations listed above, the workshop was a huge success!

### Partnership for America to Launch Grassroots Power System

The Partnership for America is about to launch a Grassroots Power System (GPS) consisting of websites that will give participating organizations and their members the ability to lobby government officials -- both federal and state -- on more than 40 different issues of national importance. The GPS websites will allow each organization to choose which issues and action alerts they display on their “branded” GPS site for their members. GPS sites will provide members and allies with detailed information, backgrounders and other educational pieces on issues of concern. The NWMA-GPS site will keep our members and allies alerted when something happens on issues important to our members and when they need to take urgent action. It will allow our members to send comments and letters on various issues to members of Congress, state, and in some cases, local officials.

Within two weeks, the Partnership and NWMA will launch an NWMA branded-Grassroots Power System website, which will facilitate our ability to inform our members on issues important to them and provide a simple, user-friendly method of commenting on proposed legislation and agency rulemaking. In addition to federal issues, we will be able to target specific state issues important to NWMA members. And, the NWMA-GPS website will have the flexibility to enable all of our members to contact not just their congressmen/women and senators, but other members of Congress who hold seats on various committees such as House Natural Resources, Senate Energy and Environment, Senate Environment and Public Works, and all the Appropriations committees.

This is an incredible tool. Watch your email inbox for a link to the NWMA Grassroots Power System website. Also, if you are a member of another organization that might benefit from a Partnership for America Grassroots Power System website, contact Jim Sims, [jsims@westernroundtable.net](mailto:jsims@westernroundtable.net) or Paul Poister, [ppoister@partnershipforamerica.org](mailto:ppoister@partnershipforamerica.org).

### Henri Bisson Named BLM’s Deputy Director of Operations

Henri Bisson, formerly BLM State Director for Alaska and Acting Director of the Utah State Office of the BLM was named BLM’s Deputy Director of Operations by BLM Director Kathleen Clarke. He will be responsible to manage BLM’s daily operations which include 9,000 employees and a budget of more than \$1.7 billion. He will take over the assignment in November after Director Clarke’s current Chief of Staff, Selma Sierra, arrives in Utah to assume the state director’s job.

Henri did a great job as BLM’s Alaska State Director and we look forward to working with him in the national office.

**CALL FOR PAPERS**  
**EMAIL YOUR ABSTRACT AND BIO TO**  
**[pheywood@nwma.org](mailto:pheywood@nwma.org)**



## Other Industry Headlines ...(Continued)

### Kathleen Clarke Resigns

BLM Director Kathleen Clarke has resigned to return to Utah. Kathleen did a great job leading BLM, and NWMA enjoyed working with her. Jim Hughes has been named Acting Director.

### MII Baby Documents American's Mineral Consumption

The famous MII Baby has been updated to show that every American will need 3.7 million pounds of minerals, metals and fuels in their lifetime. "Maintaining the American standard of living required 7.1 billion tons of rocks and minerals last year to make the things we use and depend upon every day," said Nelson Fugate, President of the Denver-based Mineral Information Institute (MII). "Every year, nearly 48,000 pounds of new minerals must be provided for every person in the United States to make the products we buy and the various things we use, says Fugate, and with 300 million people in the U.S. expecting to live comfortably and affordably, mining has to occur somewhere."

The MII Baby is based upon information provided by the U.S. Geological Survey and other sources. The MII Baby can be downloaded at [www.mii.org](http://www.mii.org). Detailed information concerning the rocks and minerals consumed on an annual basis also is available at [www.mii.org](http://www.mii.org).

### NWMA Hosts Meeting with Mongolian National Mining Association

On March 9, NWMA hosted a meeting between several NWMA members and a delegation representing the mining industry in Mongolia. Representing the Mongolian mining industry were Mr. N. Alгаа, Executive Director, Mongolian National Mining Association; Mr. D. Ganbold, President, Mongolian National Mining Association; Mr. D. Jargalsaikhan, a mineral economist who chaired the committee that drafted Mongolia's mining law in 1997; and Ms. E. Sodontogos, General Coordinator for Discover Mongolia International Mining Investors Forum.

The meeting focused on three presentations on the current mining environment in Mongolia and the efforts of the industry to counter negative reaction to the populist changes to the Mongolian mining law that occurred in 2006, which resulted in a windfall tax and a requirement that the Mongolian government be included as a partner in every mining project.

The presentations have been posted on the NWMA website at [www.nwma.org](http://www.nwma.org).

#### INTERESTED IN CHAIRING A SESSION?

Contact our Convention Chairman  
Dave Caldwell - [dcaldwell@golden-phoenix.com](mailto:dcaldwell@golden-phoenix.com)

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<b>Thomas H. Parker</b> , <i>Gold Crest Mines</i>
<b>Jeffrey V. Parshley</b> , <i>SRK Consulting</i>
<b>Luke J. Russell</b> , <i>Coeur d'Alene Mines Corporation</i>
<b>Robert L. Russell</b> , <i>Idaho General Mines, Inc.</i>
<b>David Salisbury</b> , <i>Kennecott Minerals Company</i>
<b>Peter G. Scott</b> , <i>Gough, Shanahan, Johnson &amp; Waterman</i>
<b>James V. Taranik</b> , <i>Mackay School of Earth Sciences &amp; Engineering University of Nevada, Reno</i>
<b>Lance Taylor</b> , <i>Geotemps, Inc.</i>
<b>Randy Weimer</b> , <i>Stillwater Mining Company</i>
<b>Stephen E. West</b> , <i>Centra Consulting, Inc.</i>
<b>Eric Williams</b> , <i>The Gallatin Group</i>
<b>Ted Wilton</b> , <i>Neutron Energy Co.</i>



# Committee Reports

## 2007 NWMA COMMITTEES

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### ACADEMIC LIAISON COMMITTEE

Chair: James Taranik, Mackay School of Earth Sciences & Engineering, University of Nevada, Reno

### ANNUAL MEETING COMMITTEE

David Caldwell, Golden Phoenix Minerals, Inc.

### AWARDS COMMITTEE

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### ENVIRONMENTAL ISSUES COMMITTEE

Co-Chair: Randy Weimer, Stillwater Mine  
Co-Chair: Joe Baird, Baird-Hanson-Williams LLP

### MEMBERSHIP COMMITTEE

Chair: George Byers, Neutron Energy, Inc.

### MINING LAW COMMITTEE

Chair: Mike Burnside, Mineral Lands Consulting LLC

### MONTANA ISSUES COMMITTEE

Chair: Tammy Johnson, Environomics, Inc.

### NOMINATING COMMITTEE

Chair: Bill Orchow, Revett Minerals, Inc.

### PUBLIC LANDS

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Co-Chair: Robert Russell, Idaho General Mines

### PUBLIC EDUCATION / OUTREACH COMMITTEE

Co-Chair: Eric Williams, The Gallatin Group  
Co-Chair: Carla Ludwig, Hecla Mining Company

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Co-Chair: Lisa Kirk, Enviromin, Inc.

### WASHINGTON STATE ISSUES COMMITTEE

Chair: Mark Brown, Pend Oreille Operations, Teck Cominco American, Inc.

## ENVIRONMENTAL ISSUES

Co-Chair: Randy Weimer, Stillwater Mine  
Co-Chair: Joe Baird, Baird-Hanson-Williams LLP

### Earthworks' Kuipers/Maest Report Misleads the Public

In December, Earthworks (the leading anti-mining organization in the U.S.), released two reports by Jim Kuipers and Ann Maest entitled, "Comparison of Predicted and Actual Water Quality at Hardrock Mines: The Reliability of Predictions and Environmental Impact Statements" and "Predicting Water Quality at Hardrock Mines: Methods and Models, Uncertainties and State-of-the-Art," which have been misinterpreted and inaccurately described in both the main stream and environmental press.

The media and anti-mining advocates are using the study to support the premise that 76% of all mines studied in detail are adversely impacting water quality. However, that is not what the report states or supports. In fact, the report focuses on "exceedences" of a water quality standard and does not focus on violations of the Clean Water Act or violation of water quality permits. The report blurs the fact that an "exceedence" does not mean that water quality has been impaired or the environment has been harmed. Unfortunately, the environmental press, mainstream media and anti-mining advocates conveniently overlook these facts.

NWMA's Environmental Committee is conducting a thorough evaluation of the report. Among the initial findings are that of the 25 mines examined in detail, 20 of them began operations prior to 1990. 1990 is an important date because that is when BLM adopted a cyanide management policy in response to water quality problems identified at mining operations in the 1970's and 80's. In 1996, BLM adopted an acid rock drainage policy. These policies were subsequently incorporated into the 2001 revision of BLM's 3809 Surface Management Regulations.

Of the 5 mines permitted after 1990, the Earthworks study reported no water quality "impacts" at 3 of the mines. Water quality impacts were identified at 2 mines, but at one of those mines it could not be determined whether the impacts were associated with mining operations or background water quality. The other mine had a slight exceedence of a water quality standard in the pit backfill, but there was no violation of any water quality permits and no adverse impact to ground water.

NWMA's initial analysis reveals that the Kuipers/Maest Report suffers from many of the same flaws the Nevada Department of Environmental Protection (NDEP) found in the Miller/Joyce "term paper" on mercury air concentrations in northern Nevada. We have discovered that there is no consistency in data interpretation, selective use of data, a lack of independent peer review, and an almost complete lack of methodology in the Kuipers/Maest study.

Human beings are not clairvoyant and we cannot expect our regulatory agencies to be clairvoyant. What the public has the right to expect is that the best science and best practices will be applied to protect water quality and the environment, and that

(continued on next page...)

### CALL FOR SHORT COURSES

Send your bio and course description to:

Convention Chairman Dave Caldwell

dcaldwell@golden-phoenix.com or

NWMA's Pat Heywood - pheyywood@nwma.org

## Committee Reports... (Continued)

### ENVIRONMENTAL ISSUES... (Continued)

(Earthworks' Kuipers/Maest Report ... continued)

the regulatory agencies and the industry will modify regulations and adapt practices when problems do occur. The Kuipers/Maest Report supports that this is happening.

Predictive modeling provides an estimate, a starting point. Once operations begin, active monitoring provides feedback and the models are continually updated to reflect actual results. This enables the operator to adapt its environmental protection practices and technology to ensure that permits are not violated and that the environment is protected.

### MINING LAW

Chair: Mike Burnside, Mineral Lands Consulting LLC

#### BLM Publishes ANPR on Fair Market Value Rulemaking

On February 23, 2007, the Bureau of Land Management (BLM) published an Advanced Notice of Proposed Rulemaking (ANPR) at 72 Fed. Reg. 8139 in response to the remand order in *MPC v. Norton*. *MPC v. Norton* was the case involving Mineral Policy Center's challenge to Secretary Norton's revision of Secretary Babbitt's November 2000, 3809 Regulations. Judge Kennedy upheld the Norton revisions to the regulations, but remanded one issue back to BLM for evaluation. The issue raised in the remand order is whether or not the Federal Land Policy Management Act's (FLPMA) policy requiring the payment of fair market value for the use of federal lands applies to mining claims when the lands are "invalidly claimed" or "unclaimed" under the Mining Law.

In the ANPR, BLM concludes that the use of mining claims of unknown validity for mining operations falls within the "otherwise provided for by statute" exception set forth in FLPMA Section 102(a)(9), and that the fair market value requirement does not apply.

The ANPR sets forth BLM's rationale for reaching this conclusion and BLM is soliciting the public's view on their interpretation and the analysis set forth in the ANPR.

With respect to "unclaimed lands," BLM states they are "not aware of any incidents in which a miner or mining company would use unclaimed lands to conduct mining and mineral production operations or related uses." They reached the tentative conclusion "that no one uses unclaimed lands for mining operations that go beyond exploration activities on public lands." BLM also is seeking public comments regarding this issue.

NWMA's position is that all activities reasonably incident to mining and milling operations are authorized by the 1872 Mining Law and the 1955 Surface Use Act, and that FLPMA's Fair Market Value requirement does not apply to any such activities, whether on or off mining claims.

### The comment deadline is April 24, 2007.

NWMA is carefully reviewing the ANPR and will be providing detailed comments to the BLM. For more information, contact **Scott Haight** with the BLM at (406) 538-1930. **Comments may be submitted via email to [comments\\_washington@blm.gov](mailto:comments_washington@blm.gov). Include "Attn: 1004-AD69" in the subject line.**

### Democrats Hold First Mining Law Hearing

Representative Raúl Grijalva (D-AZ), chairman of the Subcommittee on National Parks, Forests and Public Lands, held a joint field hearing on February 24 with the Subcommittee on Energy and Mineral Resources entitled "Our National Forests at Risk: The 1872 Mining Law and its Impact on the Santa Rita Mountains of Arizona." Mr. Grijalva was the only member of either subcommittee to attend the hearing. Freshman Gabrielle Giffords (D-AZ) also attended the hearing.

The target of this hearing was **Augusta Resource Corporation's** Rosemont Mine in Pima County, Arizona.

Among the witnesses testifying against the mine was Pima County Administrator Chuck Huckelberry. Mr. Huckelberry advised the hearing that the Pima County Board of Supervisors had passed a resolution opposing the mine and requesting that Congress withdraw all federal public land in Pima County from mineral entry. The Rosemont Mine is located in the Helvetia Mining District in the Coronado National Forest. The area has been mined for more than 100 years and the mine site is largely on private land, although there will be a mixture of private property, patented mining claims and unpatented mining claims.

The hearing was a "stacked deck" against mining with 4 of the 6 witnesses opposed to the mine, one neutral (USFS), and one witness supporting the mine, Jamie Sturgess, VP of Projects and Environment for Augusta. The testimony of the anti-mining witnesses and statements by Chairman Grijalva made it clear that this hearing had a broader target than just the Rosemont Mine, and that is to reform the 1872 Mining Law to include a "suitability" provision and a royalty.

After the hearing, Chairman Grijalva indicated that his first priority is to move legislation that would withdraw 17,000 acres of the Coronado National Forest from mining. Later in the year, Chairman Grijalva also intends to introduce legislation to revise the entire 1872 Mining Law.

Several NWMA members attending the hearing in support of Augusta Resource Corporation.

Augusta has conducted exploration and is in the process of preparing its Plan of Operation to be filed with the Coronado National Forest.

The testimony is posted on the Committee on Natural Resources website at <http://resourcescommittee.house.gov/hearings/hearingdetail.aspx?NEWSID=15>.



## Committee Reports... (Continued)

### MINING LAW... (Continued)

#### Mining Law Reform Legislation Coming

It is expected that the House Natural Resources Committee will introduce Mining Law Reform legislation on May 10, the 135<sup>th</sup> anniversary of the Mining Law. According to a committee work plan drafted by the Democrat majority, the draft legislation will attempt to impose a royalty on hardrock mining and establish national environmental standards.

The Committee also plans to review the adequacy of reclamation bonds and scrutinize the surge in mining claims for uranium, especially those located near Grand Canyon National Park.

Details are not yet available, but it is expected that the legislation will be similar to HR 3968, which Chairman Rahall introduced in the last Congress. HR 3968 contained an 8% gross income production royalty, national environmental standards, and language making the patent moratoria permanent. It also would have removed areas of critical environmental concern, wild and scenic rivers and the 58.5 million acres of "roadless" National Forest lands included in the Clinton Roadless Rule from mineral entry.

NWMA will be monitoring the activity and will be on the front lines representing our members and fighting to preserve access to mineral deposits, prevent prescriptive national environmental standards, prevent a suitability requirement, and ensure that any production payment scheme is fair and reasonable to all sectors of our industry.

### PUBLIC LANDS

*Co-Chair: Ted Wilton, Neutron Energy Co.*

*Co-Chair: Robert Russell, Idaho General Mines*

#### NWMA Leads Fight to Protect Access to Mineral Deposits

Preserving access to mineral deposits remains one of the most important issues on NWMA's plate. In Nevada and other western states we are experiencing a three prong attack on access to mineral deposits and multiple-use. A number of national forests, including the Humboldt-Toiyabe are undergoing a wilderness review as part of the forest plan revision process. The purpose of the wilderness review is to identify lands with "wilderness characteristics" that might be appropriate for inclusion in the National Wilderness Preservation System.

In addition, wilderness advocates and anti-mining groups are using "Roadless" designations under the Clinton administration Roadless Rule to argue against providing access to mineral deposit areas designated Roadless. (The Clinton administration rule is back in play as a result of a recent federal court ruling in California. See article on this page).

The Bush administration Roadless Rule, while having been set aside on procedural issues, is not much better than the Clinton Rule. Depending on the views of a state's governor, the state

petitioning process is either an opportunity to confirm or add to those areas designated Roadless in the Clinton Rule or to remove areas from Roadless management because they are inappropriate.

The third prong of this three prong attack is perhaps the most egregious of all - the county public land bill process. This process began with the Southern Nevada Land Sales Act to provide land for growth in the Las Vegas area of Clark County. Wilderness advocates are using this process as a form of extortion to have additional lands added to the National Wilderness Preservation System without any formal review, mineral survey or adhering to the guidelines, procedures and policies set forth by Congress in the 1964 Wilderness Act.

Lincoln County, Nevada received a shock on their public land bill when approximately 100,000 acres of new wilderness was added to the Wilderness Preservation System in Congress without any knowledge or input of local county officials or the affected public. In the 109<sup>th</sup> Congress, Nevada's two senators, John Ensign and Harry Reid, introduced the White Pine County Conservation, Recreation and Development Act of 2006 (S.3772). This bill would create 545,000 acres of additional wilderness and withdraw that land from mineral entry and management for multiple-use without any formal public review process or adequate mineral potential surveys.

Unfortunately, through late night deal making, the White Pine County Land Bill was added to the "Tax Relief and Health Care Act of 2006," and enacted into law in the closing days of the 109<sup>th</sup> Congress. Expect more public land bills in 2008. A county public land bill for Washington County, Utah and two in Idaho were not enacted and will likely be re-introduced in the 110<sup>th</sup> Congress.

NWMA will remain actively engaged at the local, state and federal levels defending multiple-use and our members' access to mineral deposits.

#### Roadless Rule Update

The saga of the federal government's attempt to regulate 58.5 million acres of "inventoried" roadless areas throughout the U.S. took another turn recently. On September 19, 2006, U.S. District Court Magistrate Elizabeth Laporte, presiding as a U.S. district judge in San Francisco, threw out the Bush administration's Roadless Rule and reinstated the Clinton Rule. She ruled that the Bush administration had failed to comply with the National Environmental Policy Act (NEPA) and the Endangered Species Act (ESA) by not conducting an environmental analysis of the effects of removing the Clinton roadless protections on the forests and on endangered species.

The USFS had argued the Bush rules were largely procedural and the Governor's Petition Plan would have required state-specific NEPA analysis rather than a national one. Judge Laporte rejected this claim and stated that "The Roadless Rule is not merely procedural. Rather it substantively affects the environment both by revoking far-reaching national protections of the prior rule and by instituting in its place a new hybrid management scheme superimposing a completely new state-by-state overlay

*(continued on next page...)*



### PUBLIC LANDS... (Continued)

*(Roadless Rule Update...continued)*

upon forest plans that allow far more road construction and timber harvesting than the prior Roadless Rule.”

A quick review of the history of the Roadless Rule is in order. The Clinton administration rammed through a Roadless Rule that sought to bar road construction and timber sales in 58.5 million acres of national forest lands, including 9.3 million acres in the Tongass National Forest, Alaska. Nine different lawsuits were filed challenging the Clinton Rule. A U.S. District Judge in Idaho issued an injunction against the Clinton Rule on the grounds that the rulemaking process violated NEPA and the Administrative Procedures Act (APA). The 9th circuit court of appeals overturned the Idaho district court's decision. This ruling dealt only with the procedure involved in the rulemaking, not the substance of the rule.

In a lawsuit filed by the State of Wyoming, U.S. District Judge Clarence Brimmer enjoined the Clinton Rule nationwide on May 14, 2003 on the grounds that the rulemaking process not only violated NEPA and the APA, the Rule also violated Article 3 of the U.S. Constitution, which grants to Congress all power over federal property, including federal lands, and the Wilderness Act of 1964. The USFS did not appeal the Brimmer decision, but intervenor environmental groups did.

While this case was winding its way through the 10<sup>th</sup> circuit court of appeals, the Bush administration issued its own Roadless Rule, a state petitioning process, on May 13, 2005. The appeal of the Brimmer decision came before the 10<sup>th</sup> circuit on July 11, 2005 and the appeal was ruled moot because the Bush Rule had replaced the Clinton Rule. The 10<sup>th</sup> circuit also vacated Judge Brimmer's decision. When Judge Laporte threw out the Bush Rule and reinstated the Clinton Rule, we were thrown back to where we were in January 2001.

Wyoming has filed pleadings with Judge Brimmer asking him to reinstate his decision that declared the Clinton Rule illegal. No date has been set on when that motion will be heard. Furthermore, the Forest Service has not decided whether they will appeal Judge Laporte's decision to the 9<sup>th</sup> circuit court of appeals.

Several of the other lawsuits challenging the Clinton Roadless Rule were either settled or dismissed without prejudice after Judge Brimmer issued a nationwide injunction against the rule and the Bush administration issued a rule replacing the Clinton Rule.

It should be noted that, by definition, the Clinton Roadless Rule does not apply to exploration and mining activities governed by the Mining Law of 1872. If you or your company have an exploration or mining project in an inventoried Roadless area of a National Forest and the local district ranger attempts to apply the Clinton Rule, please contact NWMA Executive Director Laura Skaer so we may help get your project back on track.

Stay tuned, this one's not over yet.

### ALASKA

#### Ninth Circuit to Hear Appeal of Section 404 Permits for Coeur's Kensington Mine

The United States district court for the District of Alaska has rejected the appeal of anti-mining groups of the U.S. Army Corps of Engineers (Corps) decision to grant permits to Coeur Alaska, Inc. and Goldbelt, Inc. under section 404 of the Clean Water Act. The anti-mining groups had sought to vacate the section 404 permits, Record of Decision and Plan of Operations, and permanently enjoin the Corps and the U.S. Forest Service from allowing any activities authorized by the vacated permits, ROD, and Plan of Operations.

The anti-mining groups challenged the Corps' approval of Coeur Alaska's plan to discharge approximately 210,000 gallons per day of tailings as fill material directly into Lower Slate Lake. The lake will be utilized as a storage facility impounding the tailings. The tailings will be discharged from the bottom of a submerged pipe through perforations and will be moved periodically to ensure distribution. The tailings will be placed at a depth that would prevent remobilization of the tailing. Upon closure, the tailings will fill the lake to its current ordinary high water mark and the lake will have grown to approximately 62 acres from its current size of 23 acres and will be approximately 33 feet deep over the top of the tailings.

The anti-mining groups argued that the permitting process was governed by the more stringent requirements of section 402 of the Clean Water Act and not section 404. At the heart of the controversy are the regulations defining "fill material." After reviewing the case law and the regulations, the court concluded that the regulations defining fill material were not arbitrary and capricious and they were entitled to deference under the U. S. Supreme Court's holding in *Chevron v. NRDC*, 467 U.S. 837 (1984).

The case is *Southeast Alaska Conservation Council, et al v. United States Army Corps of Engineers, et al*, No. 1:05-cv-00012-JKS (D. AK. 2006).

Not surprisingly, the anti-mining groups appealed the decision to the 9<sup>th</sup> circuit court of appeals. Both the Mountain States Legal Foundation and the National Mining Association have filed *amicus* briefs in support of the district court decision.

Just prior to press time, NWMA learned that the 9<sup>th</sup> circuit intended to overrule the district court. The opinion has not been released, but is expected soon.

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## State Reports... (Continued)

### COLORADO

#### Colorado Court of Appeals Issues Split Decision in Challenge to Summit County Anti-Cyanide Ordinance

The Colorado court of appeals has handed down a 25-page opinion together with a 15-page dissent in the case entitled, *Colorado Mining Association v. The Board of County Commissioners of Summit County, et al.* The court reached a split decision, with all three judges concurring that Summit County's land use resolution, to the extent that it establishes performance or other standards for chemicals used in mining, is contrary to and expressly preempted by Colorado State law. But in an unexplainable turn of events, the court upheld, by a 2 to 1 decision, Summit County's ban on chemical reagent use in mining and the prohibition on heap/vat leach methods in surface mining. In so doing, the court ruled that a local preemptive ban on mining is not a prohibited reclamation standard in violation of state law because reclamation standards are designed to minimize disruption during and after a mining operation and the Summit County ban "stopped certain mining from ever beginning." Unbelievably, the court also ruled that a "complete ban on mining would run counter to the MLRA."

Thus, following the rationale of the Colorado court of appeals, a county may ban the use of chemical reagents, but not regulate their use because chemical performance standards adopted by the county are "reclamation standards" preempted by state law. This makes no sense and is self-contradictory.

Judge Roy, in a very well reasoned dissent, strongly disagreed with the majority. Judge Roy's decision cites the importance of a unified regulatory program for mining given its economic importance to the state. This dissent, which was authored by the senior judge on the Colorado court of appeals, tracks and confirms the argument set forth by the Colorado Mining Association in its briefs.

Stuart Sanderson, President of the Colorado Mining Association, said CMA is reviewing the decision with a view toward pursuing all avenues of appeal.

### NEVADA

#### BLM Nevada Minerals Workshop

NWMA Executive Director Laura Skaer and several NWMA members attended the BLM Nevada Workshop on March 22, 2007 in Reno, Nevada. The conference focused on streamlining the NEPA/Permitting Process and included a federal regulatory overview, a state regulatory overview, and an industry overview.

Participating as a member of the federal regulatory overview panel, Jeanne Geselbracht from EPA Region 9 told the audience that Environmental Impact Statements (EIS) should describe reclamation bonding and long term post-closure trust funds with amounts and calculations. This is the same position EPA Region

10 has tried to take with the Forest Service and BLM on mining EIS's.

It was most refreshing to hear BLM employee after BLM employee stand and tell her they strongly disagreed because bonding has nothing to do with the NEPA process. Financial assurance is irrelevant to taking a "hard look" at the environment, BLM employees told her. BLM also emphasized the fact that it would be a complete waste of resources to solicit public comment on long term trust funds and reclamation bonding calculations before the Plan of Operations was finalized and the Record of Decision issued.

NWMA supported the BLM position and also told EPA that it is a complete waste of resources to be commenting on reclamation bonding amounts at the EIS stage.

NWMA recently took this issue to the highest levels in the U.S. Forest Service over a similar demand by EPA Region 10. The USFS Washington, D.C. office made it very clear that bond calculations are not part of the NEPA process and that they are not appropriate matters to be disclosed in an EIS.

It was clear from Jeanne's response that EPA is not going to give up and will continue to try to push BLM and Forest Service to include bonding calculations in NEPA documents at the EIS stage. NWMA will continue to work with EPA, BLM and the USFS to ensure that bonding calculations and specifics about bonding amounts do not find their way into NEPA documents at the EIS stage.

The conference also included an environmental panel that consisted of Tom Myers, hydrologist and former executive director of Great Basin Mine Watch, Dan Randolph, formerly with the Mineral Policy Center and now executive director of Great Basin Mine Watch, and environmental activist and UNR Professor, Dr. Glenn Miller.

Glenn Miller's presentation focused around the highly controversial and significantly criticized "term paper" report he co-authored with student Patrick Joyce. Dr. Miller made an off-handed reference to his "friends" at the Nevada Department of Environmental Protection (NDEP), told the audience that his wife is glad UNR professors have tenure, and proceeded to do a PowerPoint slide presentation on his mercury report. He attempted to defend the report as a simple, credible and important report, and that the report's conclusions should be important to BLM.

If you had listened to Dr. Miller discuss his report at the BLM conference, you would never have suspected that he had just received a scathing 10-page critique of this "term paper" report from NDEP, which documented numerous flaws, including "a complete lack of methodology, no quality assurance, and the inclusion of inflammatory conclusions that are not supported by the data or other peer reviewed work."

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## State Reports... (Continued)

### NEVADA... (Continued)

#### NDEP Issues Stinging Critique of Glenn Miller's Mercury "Term Paper"

In February, University of Nevada-Reno (UNR) Professor and self-professed environmental activist, Dr. Glenn Miller, released a study authored by himself and research assistant Patrick Joyce that purported to assess mercury concentrations at active mines in Northern Nevada. The report was released to the media and the Las Vegas Sun carried a story that contained allegations that the report supported a claim that Nevada's mines were under reporting mercury values. Unfortunately, the study was portrayed in the media and by anti-mining organizations as UNR sanctioned and approved research. The media coverage made it sound like this was ground-breaking research, which it clearly is not.

About 30 days after the Miller report was issued, the Nevada Department of Environmental Protection (NDEP) released a 10-page stinging critique, which documented numerous flaws in the Miller study, including *"a complete lack of methodology, significant variability in the presentation of the data, no consistency in data interpretation, no quality assurance, data that appear to have been reported selectively, no statistical analysis to support claims of significant or to address variability in the data, no peer review, and the inclusion of inflammatory conclusions that are not supported by the data or other peer reviewed work."* The NDEP letter attached a 7-page technical evaluation of the Miller report.

The NDEP letter further expressed concern that the Miller report potentially cast a shadow over UNR's excellent reputation as a research university. NDEP also expressed concern that the Las Vegas Sun's story led the Nevada Legislative Budget Subcommittee to question the integrity of NDEP's recently adopted mercury regulations and put NDEP in the awkward position of having to discount a purported UNR study while participating in other studies with UNR involving the same issues.

In addressing Miller's environmental activism (Miller is vice chairman of the anti-mining organization Earthworks), NDEP said, "It is common knowledge, Glenn, that you are a dedicated environmental activist, in addition to holding your professional position as a professor at UNR. It is disturbing to us, however, that you are increasingly representing these two positions interchangeably."

NWMA applauds NDEP for the courage to stand up to the environmental activists and to call their so-called science exactly what it is: "junk science."

If you have followed anti-mining groups you know that they have become famous for issuing "studies" that weave a partial thread of truth among unsupported and/or misleading allegations. The complete lack of methodology, the selective reporting of data and the lack of peer review are common practices among so-called experts retained by anti-mining groups in their challenges to environmentally and socially responsible mining projects. These are exactly the same problems the NWMA Environmental Committee is discovering in its analysis of the Kuipers/Maest Report on Water Quality Modeling Predictions, and is precisely

the reason why a recent federal court rejected Ann Maest as an expert witness.

The NDEP letter to Dr. Miller is posted on the NDEP website at <http://ndep.nv.gov/index.htm>.

### NEW MEXICO

#### New Mexico Senate Supports Uranium Exploration and Development

On February 21, the New Mexico State Senate Rules Committee passed, with a "do pass" recommendation, a "Memorial" supporting the redevelopment of the uranium business in New Mexico. The Memorial urges the various state regulatory agencies to work with the industry to streamline the permitting process.

The vote was 5 to 3. The Memorial was supported by a coalition of industry (Strathmore Minerals Corporation and Neutron Energy, Inc.), two groups from the Cebolleta and Juan Tafoya Land Grants and more than a dozen Navajo's from the Crownpoint area.

The usual obstructionist groups (Sierra Club, New Mexico Environmental Law Center) spoke against the Memorial.

The Memorial will be heard by the Senate Mining and Mineral Resources Committee at a later date and then be brought to the floor for a full Senate vote.



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# NWMA'S CALENDAR OF UPCOMING EVENTS

## APRIL 2007

April 29-May 2: **Canadian Institute of Mining, Metallurgy and Petroleum**, Palais des congrès de Montréal, Montreal, Quebec CANADA. For more information, call Jean-Marc Demers, Director Operations Services (541) 939-2710 or email [jmdemers@cim.org](mailto:jmdemers@cim.org)

## JUNE 2007

June 4-8: **22<sup>nd</sup> Annual Elko Mining Expo**, Elko Convention Center, Elko, NV. For more information call Matt Murray (800) 248-3556 or email [matt@elkocva.com](mailto:matt@elkocva.com).



June 22: **NWMA Trustee Meeting**, Denver, Colorado. 8:00 am - noon.

Location to be announced. For more information call Kathy Wilson (509) 624-1158 ex 15 or email [kwilson@nwma.org](mailto:kwilson@nwma.org).

## AUGUST 2007

August 23-24: **Utah Mining Association Annual Meeting**, Grand Summit Hotel, Park City, UT. For more information, call (801) 364-1874 or visit [www.utahmining.org](http://www.utahmining.org)

## SEPTEMBER 2007

September 6-8: **Nevada Mining Association Annual Meeting & Golf Tournament**, Harvey's Resort, South Lake Tahoe, NV. For more information call Alexis Miller at (775) 829-2121 or email [amiller@nevadamining.org](mailto:amiller@nevadamining.org)

## OCTOBER 2007



October 12: **NWMA Trustee Meeting**, 8:00 am - noon. Doubletree Hotel, Spokane, WA. For more information contact Kathy Wilson (509) 624-1158 ex 15 or email [kwilson@nwma.org](mailto:kwilson@nwma.org)

## NOVEMBER 2007

November 5-11: **Alaska Miners Association Annual Meeting**, Sheraton Anchorage Hotel, Anchorage, AK. For more information call Sharon Cox (907) 563-6229 or email [ama@alaskaminers.org](mailto:ama@alaskaminers.org)

## DECEMBER 2007



December 3-7: **NWMA's 113th Annual Meeting, Exposition & Short Courses**, Spokane Convention Center and the Doubletree Hotel, Spokane, WA. For exhibit booth selection, or registration questions, call Mike Heywood (509) 624-1158 ex 10 or email [info@nwma.org](mailto:info@nwma.org).

Booth selection is in process.  
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