

BULLETIN

NORTHWEST MINING ASSOCIATION

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House Subcommittee Outlines Damage to Mining Industry by Interior Department

Inside this issue:

President's Corner	2
Glass Houses	4
Effective Strategies for the 21st Century	5
• Technical Session Lineup	
• Short Courses	
U.S. Sustainability Project	6
USGS Releases Open File Report on Asia	6
Enigmatic Gold Markets	7
Prospector Poets	7
There is a Bright Side	8
Prudent Public Land Management	8
Gold by the Mile	8
Area Reports	9-10
Committee Reports	10-14
The Northern Miner Pre-Convention Advertising Info	14
Calendar of Events	16

The U.S. House Resources Subcommittee on Energy and Mineral Resources conducted hearings on August 3, 1999 to review actions taken by the Department of the Interior against the mining industry. Of particular concern were the damaging economic effects on businesses and rural communities posed by recent opinions issued by Interior Solicitor John Leshy. Also reviewed were proposals to charge a royalty or other fee on minerals mined on public lands. Three controversial mining issues were the primary focus of this hearing, which was chaired by U.S. Rep. Barbara Cubin of Wyoming.

1. *An opinion by the Solicitor of the Department of Interior that would effectively end lead mining in southwest Missouri, an area currently responsible for 85% of primary lead production in the United States.*
2. *A November 1997 opinion by the Solicitor interpreting a section of the General Mining Law to restrict 5 acre millsite claims to one for every lode claim developed. First applied to the Crown Jewel project earlier this year, the opinion could have widespread and devastating effects on operating mines and expansions, as well as discouraging exploration on public lands.*
3. *Proposals for a Federal royalty on minerals mined on public lands.*

The Committee wanted to determine the potential scope of the economic damage being done to the U.S. mining industry by the Interior Department. Their findings will come as no surprise to NWMA members. This information should persuade moderate members of the House who voted to support the Leshy Millsite Opinion to change their position. Here are a few of the findings as well as excerpts from the testimony heard by members of the subcommittee.

Administration Takes the Law Into Its Own Hands to Avoid Congressional and Public Input

According to Representative Cubin, "These recent decisions by the Solicitor of the Department of the Interior – in which the public had no opportunity to comment, of course, - appear to

be pronouncements that Secretary Babbitt is frustrated by this Congress because we have been unwilling to cede our authority over public land policy-making, at least with respect to mining." She went on to observe, "So, rather than negotiate with Congress, the Administration is 'making law' by handing down novel interpretations of statutes which have been around for a century in the one case, and many decades in the other. In fact, Secretary Babbitt recently said to the *National Journal*, 'We've switched the rules of the game. We're not trying to do anything legislatively'."

Interior Solicitor Criticized for Threatening to Shut Down Hardrock Mining Operations and Eliminating Thousands of American Jobs

"If allowed to stand, the Interior Department's ruling will render the Mining Law virtually meaningless and shut down all hardrock mining operations and projects representing thousands of jobs and billions of dollars of investment throughout the West" said Gerald Shaheen, Group President of *Caterpillar, Inc.* He also testified that "We are concerned that recent decisions by several U.S. government agencies will jeopardize the future of hardrock mining in this country. We support the efforts . . . to correct the recent millsite ruling by the Interior Department and remove the limitation of one 5 acre millsite per mining claim." Shaheen added that the decline of the U.S. hardrock mining industry is "bad news for all of us."

"The mining industry encompasses more than jobs or miners out West, it's machinists, steel workers, tool makers, rubber workers, and assemblers from all parts of the country," Shaheen said. "A recent study conducted by the mining industry shows that mining, the economic activities associated with it, and the activities supported by it, typically cumulate directly and indirectly in the American economy as follows - \$27 billion a year in revenue for local and state government, \$57 billion in federal revenue, \$144 billion in personal income, \$296

Continued on page 3



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PRESIDENT'S CORNER

Jim Duff, VP Business Development, Coeur, The Precious Metals Company

The Board of Trustees recently held its summer meeting in one of the world's greatest mining centers, Butte, Montana. While we were there, we toured the Continental Mine, which is owned by Asarco and Montana Resources. In addition ARCO gave us a tour of the former Anaconda properties, which are the subject of the largest remediation and reclamation project in the history of the United States. ARCO is to be congratulated for the Herculean task they have undertaken in a highly responsible manner and the remarkable progress they have accomplished.

One of the program highlights was the dinner we enjoyed at the historic mansion of William A. Clark, one of Butte's original Copper Kings. After dinner Alan Joscelyn, who authored the cover article in the March-April *Bulletin* entitled "Montanans and Miners", led a lively discussion of the public's perception of the mining industry. After the meeting broke up I ruminated with another Trustee about the irony of a group of mining leaders discussing their concerns about the public's perception of mining in the house of one of the pioneers of mining in the western U.S. I'll bet William Clark didn't spend a lot of time thinking about what the public thought about his mining activities in the 1880's.

Or maybe he did. William Clark was also a politician who eventually won election to a seat in the U.S. Senate, despite some dubious campaign finance techniques. As a public figure, William Clark was indeed concerned with public opinion; and, most importantly, he showed a remarkable ability to persevere and adapt to changing times. These traits were important in Clark's day, and with the hardrock mining industry facing unprecedented challenges, the ability to adapt is more important now than ever before. The inflation-adjusted prices of gold, copper, lead and zinc are all at the lowest levels in nearly a generation. The recent closure of BHP's North American copper operations, Placer Dome's curtailment of operations at Getchell and cost reduction measures announced by Phelps Dodge, Homestake and other companies all serve to dramatically illustrate the diminishing scope of the hardrock mining industry,

especially in the United States. Adding insult to injury, recent hostile actions by the current administration in Washington D.C., such as John Lesly's Millsite Opinion and Bruce Babbitt's proposed 3809 regulation revisions, reflect a clear assault on locatable mineral claim holders that rely on access to public lands administered by federal agencies.

These developments have a direct impact on the activities of the Northwest Mining Association. On the one hand, the need for a strong voice to represent the interests of hardrock mining and maintain a proactive public outreach and education program has never been greater. On the other hand, the severe economic strain under which the industry is laboring means that corporations and individuals have fewer and fewer resources available to support the activities of the Northwest Mining Association and similar organizations.

How do we as an industry and as an Association adapt to meet these challenges? I don't have an easy answer to the question. However, given the situation in which we find ourselves and given the importance of the issue, it is imperative that we consider any and all viable possibilities with an open mind. Any organization with a century of history can document many changes as it evolved to meet new needs, and NWMA is no exception. We have remained viable by adapting our organization to fit the times.

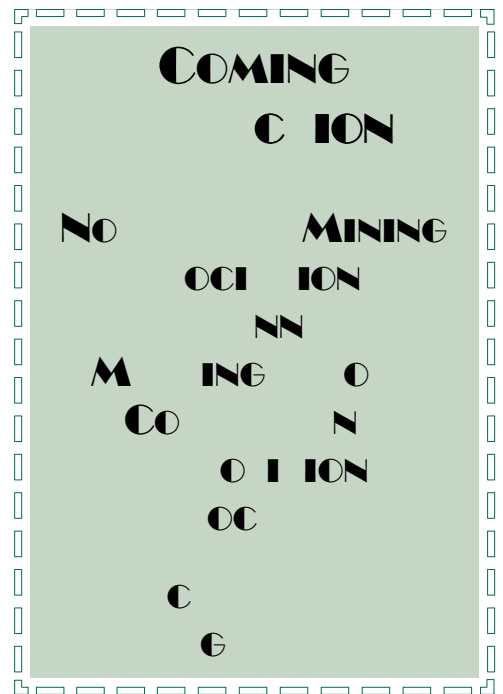
The Association's early structure was somewhat informal and heavily dependent on ad hoc committees to get the work done. As late as the 1970's, we were strictly an operation of dedicated volunteers. Then as now, increased demands lead the Trustees to consider alternatives, which resulted in a commitment to hire an executive director and a part time secretary. We are now an efficient professional organization with a full time staff of seven people. This has given our organization the ability to successfully shape those issues critical to our members and the mining community.

To carry on our mission, we have derived the needed financing primarily from dues paid by individual and corporate members, and the annual meeting, which includes generous "Supporter"

contributions. A limited revenue stream from publications like the Service Directory and *Practical Geophysics II* rounds out the picture. This has provided us with the resources to successfully serve our members and provide leadership, especially on issues vital to Western hardrock miners.

However, the future we are facing is one where there are fewer mining corporations and fewer mining professionals. With the handwriting on the wall, now is the time to address these issues. How can we best ensure that the revenue necessary will be available so NWMA can continue to be an effective advocate for the hardrock industry, as well as maintain our essential public outreach and education programs?

I have asked the Association's Trustees to ponder the question and I invite all of you to do the same. The outcome of this self-assessment is vital not only to the continued success of NWMA, but to the overall viability of the hardrock mining industry, especially in the West. Please send your thoughts and comments to me via e-mail or fax (e-mail: jkduff@coeur.com, fax: 208/667-3617), or to Laura Skaer (e-mail: lskaer@nwma.org, fax: 509/623-1241), and feel free to approach any of the Trustees. We look forward to hearing from you.



Damage to the Mining Industry (Continued)
billion in mining-dependent business income, a total of \$524 billion impact on the U. S. Economy; and 5 million dependent jobs. Today, every American requires almost 47,000 pounds of mined material a year.”

Solicitor Opinion Restricting Lead Mining in Missouri — Usurpation of Congressional Powers

“This interpretation threatens every user of federal use lands,” said Jeffrey Zelms, President and CEO of the *Doe Run Company*. “It puts all of us in the position of being subject to an interpretation that is without boundaries and leaves executive branch decision making outside of the process of public debate.

“I would ask this Committee to draw a bright line and say that without Congressional consultation the executive branch should not attempt to usurp Congressional powers. I would ask this Committee to conduct additional hearings into this matter to see how its application could devastate public land use and investigate the interpretation.”

The Next Step — Our Responsibility

The findings of the subcommittee only confirm the experience of the mining community. Interior is becoming emboldened and more arrogant than ever. It is now clear that the intent of Secretary Babbitt and Solicitor Leshy is nothing less than the cessation of new mineral development on federal lands across the country. They are using every means at their disposal - legal or not. There is little recourse but to convince Congress to do the right thing and/or vigorously pursue justice in the courts. Both paths are difficult and fraught with uncertainty.

The recent passage in the House of an amendment confirming the millsite opinion, which was attached to the House version of the FY2000 Interior Appropriations Bill by Rep. Nick Rahall, indicates that we face a challenge of monumental proportions. Our industry must redouble its efforts to educate legislators, especially the House of Representatives, about mining and mining law. Mr. Rahall succeeded because he had done his political homework. He was able to portray the millsite issue as “yet another land giveaway to the mining industry.” Discussions with House members afterward revealed that far too many had never been contacted by anyone from the mining community prior to the vote. In contrast, Senator Larry Craig

was able to thwart a move by Senator Patty Murray to strike language that will undo the mischief perpetrated by Mr. Leshy. The mining industry position was supported in the Senate because of a continuing concerted effort to educate the Members. A majority of the Senate recognized that the real issues were separation of powers and due process, not waste disposal and land giveaways.

A conference committee will be convened in September to hammer out differences between the House and Senate version of the Interior Appropriations Bill. Our friends on both sides of the aisle in Congress are working to inform their colleagues of the real issues and publicize the findings of this hearing. However, everyone working in the mining industry must do their part as well.

The “War on Mining” being waged by Secretary Babbitt, *et al*, is like any other war: Those who prevail anticipate the opponent’s strategy and decisively execute a counter strategy. If there is any hesitancy or miscalculation, we will lose. Those who wish to push mining off federal lands have tipped their hand. The subcommittee hearings revealed the true intent and methodology of the current leadership at Interior.

We believe our industry has everything it needs to win this political battle. We have the talent, the message and the ability to communicate. Most importantly, the facts are on our side. But, do we have the will? It will take a concentrated effort against a well financed foe. This is where the support of every member of the mining community and every vendor and supplier will make the all important difference. A small contribution of time and energy by everyone will collectively result in an irresistible force.

There is a host of ways to help turn the tide. At the request of U.S. Rep. George Nethercutt, the House Subcommittee on Energy and Mineral Resources will hold a field hearing in Spokane, Washington starting at 9:00 a.m. on Saturday, September 11, 1999. We will be rallying people to attend the hearing in a show of support for mining and good government. The hearing will provide an opportunity for miners to further expose the real agenda of those who oppose mining on federal lands. It also is the perfect catalyst for everyone in the U.S. mining community, suppliers, consultants, and operators alike, to call, write or visit their elected representatives to the Congress. As a constituent, urge

**The House
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Energy and Mineral
Resources will
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Spokane, Washington
starting at 9:00 a.m.
on Saturday,
September 11, 1999
at the
Riverpoint Higher
Education Park
665 N. Riverpoint Blvd**

**Plan to Attend—
Let Congress Hear
From You**

them to oppose further erosion of the legislative power properly assigned to the Congress. Provide them with solid information. NWMA and other industry associations have developed a comprehensive set of materials on these issues. The Association can readily provide briefing papers to any interested persons.

No one can afford to leave it to someone else to carry their share of the load. Consider that if you are too busy today to get involved, you risk having ample free time tomorrow if Secretary Babbitt continues to have his way. Everyone must become involved and urge those around them to join in the fray as well. Nothing short of our future is at stake.

Additional information on these issues is available at:

- NWMA home page - www.nwma.org, or by calling 509/624-1158
- The House Committee on Resources home page - www.house.gov/resources/

EPA's bungled Summitville cleanup

Glass Houses

Reprinted with permission from the April 26-May 2, 1999 issue of The Northern Miner

If veracity is the heart of morality, as the ancient Greeks believed, then the United States government would be well-advised to settle a longstanding legal battle with mining promoter Robert Friedland over the ill-fated Summitville gold mine in Colorado.



For years now the U.S. government, the media, and environmentalists have held up Summitville as one of the worst environmental disasters in modern mining history. And for years, these parties have sought to lay blame for the “disaster” at the

feet of Galactic’s founder in particular, and the mining industry in general.

Media reports have repeated the accusation that cyanide and heavy metals from Summitville “polluted” or “killed” miles and miles of the Alamosa River, or caused “widespread pollution to a series of nearby rivers.” As that fairy tale goes, the environmental apocalypse was stanchied by the Environmental Protection Agency (EPA) when it took over the project from a bankrupt Galactic in late 1992.

However, in this case, the facts stand in the way of a good story. When the EPA took over Summitville, cyanide was *not* leaving the site, and neither were metals. The EPA tried to convince the public otherwise (in a video it was preparing), only to be told by Colorado’s Department of Natural Resources that, “believe it or not, the entire site was in compliance with water standards at the time of the bankruptcy.”

When cyanide was indeed escaping from a poorly constructed leach pad, it was not leaving the site. It was collected at the drain, and either pumped back to the heap or treated. The discharges *were* being controlled at the time the EPA took over.

As for the oft-repeated rumours that

polluted waters were affecting local farmers, the state found that studies of metal uptake in potatoes and alfalfa showed the plants were well within the range of average crops of this type grown in other states. And as for reports that discharges from Summitville had killed fish in the Alamosa River system, the state found that cyanide could not have been present in sufficient concentrations to kill fish or anything else. State officials said the alleged damage was more likely caused by copper-bearing discharge from an old adit, which was not covered by the mine’s discharge permit.

What is often forgotten in the Summitville story is that the mine has operated intermittently since the turn of the century, including a period when it was under government control. Drainage from historic underground workings had caused problems long before Galactic revived the site as an open-pit mine. Adding to this was ordinary erosion from several stocks underlying the region, consisting mostly of clay, silica and pyrite, which produced acid rock drainage of such severity that local creeks were named “Alum” and “Bitter” and known to be inhospitable places for fish. State geologists found that the clay-silica mixture led to rapid erosion, while pyrite created acid rock drainage, even prior to mining.

Summitville’s main problem was that it could not meet silver limits for its treated water, which meant that the same water had to be treated over and over again, at great cost. Bureaucrats were deaf to pleas that the water standard, Class I fishery, was clearly inappropriate for the waters downstream of the mine – water that, owing to natural weathering and historic mining, was never of fishery quality.

The EPA also was consistently unable to meet those high standards, but the agency did manage to get an amended agreement in order to discharge its “polluted” water. The agency then set about “cleaning up” the site, only it didn’t have the expertise to do the job. It ignored public comment and input from mining organizations and set about doing things that were either unnecessary (such

as moving waste piles into mine pits at fees three times the going rate) or downright ridiculous (such as plugging old adits only to have acid rock discharges come out elsewhere).

Almost three years ago, the U.S. government filed suit against Friedland in hopes of recouping an estimated US \$152 million of cleanup costs. As part of this exercise, they convinced an Ontario court to freeze Friedland’s Canadian assets. That order was overturned days later, when a judge found that the U.S. government had misrepresented facts underlying its case. Friedland has since turned the tables, and is now suing the U.S. government for its role in previous mining, as well as the EPA’s own failure to meet the environmental standards prescribed for the mine site. Because the EPA “cleanup” was anything but, it is in the public interest for the U.S. government to settle the dispute and arrive at a fair settlement.

All this is not to say that Summitville was mining’s finest hour, or that Galactic and Friedland should escape their fair share of responsibility. The mine was a financial, technical and environmental fiasco. It was over-promoted, never made a dime, and there were major engineering mistakes and design flaws (including a critical water balance error). Construction was both hurried and bungled. Summitville was a mine that should never have been built.

But it was not an environmental disaster, at least not until the EPA took over the site and began a cleanup with about as much finesse as the Keystone Cops. The mining industry tried repeatedly to help, at no charge, and offered water treatment plants and expertise. But the EPA thumbed its nose and squandered huge sums of public funds pretending to clean up something when in fact it was exacerbating previous problems and causing new ones.

ADVERTISING RATES

Ad Size: 1/8 page = 3 1/2” x 2” \$100

1/4 page = 3 1/2” x 4 1/2” \$180

Contact NWMA

Effective Strategies for the 21st Century

November 28—December 3, 1999



The 1999 NWMA Annual Meeting and Exposition plans are complete and preparations are well underway. Convention Chair **Leigh Freeman**, president of **Orvana Resources**, Vice Chair **Greg Hahn**, president and CEO of **Summo USA Corporation**, and the various session chairs have designed a truly exciting program. Now, more than ever, you should plan to attend our **105th Annual Meeting** to gain the knowledge needed to shape *Effective Strategies for the 21st Century*.

The NWMA Annual Meeting will provide you with ideas that can immediately start adding to your bottom line. Here is a sampling of the lineup:

TECHNICAL SESSIONS (DECEMBER 1—3)

EXPLORATION

- **Ore Reserve Expansions & New Deposit Discoveries at Operating Mines in the United States**

Chair: *Steven D. Craig—Golden Phoenix Minerals, Inc.*

- **New Discoveries**

Chair: *Curt J. Freeman—Avalon Development Corporation*

- **Giant Ore Deposits**

Chair: *Keith A. Laskowski—Harrods Natural Resources, Inc.*

- **Large Left-Lateral Leaps**

Chair: *Elizabeth Jones—Geo Logic Services*

- **Giant Ore Deposit Models**

Chair: *Earl W. Abbott—Sierra Exploration, Inc.*

- **Area Reports**

Chair: *Jonathan G. Price—Nevada Bureau of Mines & Geology*

- **USGS-Open Industry Briefing**

Chair: *Arthur A. Bookstrom—USGS*

OPERATIONS

- **Innovations in Underground Mining**

Co-Chairs: *Xavier L. Ochoa & John Dorsey—Winters Company*

- **Innovations in Open Pit Mining**

Chair: *Bill Hill—Golder Associates Inc.*

- **Innovations in Metallurgical Processing**

Chair: *Deepak Malhotra—Resources Development, Inc.*

- **Meeting Health & Safety Challenges**

Chair: *Dale Avery—NIOSH*

BUSINESS & FINANCE

- **New Strategies for a New Millennium**

Chair: *Douglas B. Silver—Balfour Holdings, Inc.*

- **Mining Finance or “and the band played on”**

Chair: *Allan J. Marter—Waiata Resources*

- **Developing Profitable Projects: The Owner’s Critical Role**

Chair: *E. Dale Buob—MTB Project Management Professionals*

- **International Reports**

Chair: *Simon D. Handelsman—Anderson & Schwab, Inc.*

ENVIRONMENTAL

- **EPA’s Toxic Release Inventory**

Chair: *Richard F. DeLong—Environmental Management Associates, Inc.*

- **Optimizing Your Environmental & Regulatory Expenditures**

Chair: *Cynthia Benson Gee—White Cloud Ventures, Inc.*

GEOPHYSICS & GEOCHEMISTRY

- **Geophysics I & II**

Chair: *Norman R. Carlson—Zonge Engr. & Research Org., Inc.*

- **Strategic Advances in Geochemistry**

Co-Chairs: *J. Stevens Zuker—International Geochemistry Consulting and Jeffrey A. Jaacks—Consultant*

OTHER DISCIPLINES

- **Legislative Affairs**

Chair: *Laura Skaer—NWMA*

- **Public Education**

Chair: *Kathy Benedetto—National Wilderness Institute*

- **Industrial Minerals**

Chair: *Bret M. Koehler—State of California-Department of Conservation.*

- **NIOSH-OPEN INDUSTRY BRIEFING**

Chair: *J. R. M. (Ros) Hill—NIOSH SRL*

The always popular **Exposition** opens on Wednesday and to help break the ice, NWMA will once again host a reception that afternoon open to all attendees. Our exhibitors have really sharpened their pencils, so there will be no better time to save money on the equipment, supplies, or services your operation needs. We are anticipating another sold-out show. If your company hasn't reserved a booth, do it now before it is too late.

Tuesday's **Keynote Session** “*Winning in the Court of Public Opinion*” will focus on developing an effective message that can change the perception of mining held by urbanites and others, and regain the public trust.

This is not the era to be caught unprepared. Survival is the name of the game, and the pressure is not expected to ease in the near future. So, don't be penny wise and pound foolish, the 1999 NWMA Annual Meeting and Exposition is an investment in profitability. **Look for the Convention Brochure and send in your registration and hotel forms early to avoid disappointments!**

SHORT COURSES

- **Project Design & Reporting Requirements for Exploration & Development Projects (Nov. 28—30)**

Chair: *Larry Smith — MRDI, Inc.*

- **Ore Reserve Estimates in the Real World (Nov. 28—30)**

Chairs: *John Stone and Peter Dunn — Society of Economic Geologists, Inc.*

- **Estimating Bond Costs for Mine Closure (Nov. 29—30)**

Chair: *Lisa Kirk — Maxim Technologies, Inc.*

- **Tailings Impoundment Risk Management (Nov. 29)**

Chair: *Christopher Hatton — URS Greiner-Woodward Clyde*

- **Pluton-Related (Thermal Aureole) Gold (Nov. 30)**

Chair: *Dr. Vic Wall—Taylor-Wall & Associates*

U.S. Sustainability Project

President Clinton has committed the United States to "Sustainable Forest Management." According to the U.S. Forest Service (FS), "we all share responsibility for redeeming this commitment." Presumably, they are speaking of citizens of the United States, though the article on page 8 regarding Canadian sovereignty issues indicates that some do not feel particularly constrained by borders. The U.S. federal government has acknowledged that the approach needed for non-renewables, such as energy fuels and other mineral resources, must be different than that used for renewable resources.

The White House has directed that the outcome must be consistent with the Criteria and Indicators (C&I) that are part of Sustainable Forest Management (SFM) as agreed to in the Montreal Process. The resulting protocols were agreed to by 12 countries. The stated goal is to integrate environmental policies and economic development strategies that will satisfy human needs and improve the quality of life today, while protecting resources for the future. Basically, the purpose is to manage all natural resources in a way that is conducive to long term wealth creation. This is truly a national project, as it will include all land ownership, not just federal lands. The "indicators" will be just as sweeping in scope. They are to "collectively encompass social, economic, and environmental factors."

The stated goal is to integrate environmental policies and economic development strategies that will satisfy human needs and improve the quality of life today, while protecting resources for the future.

The Association is withholding judgment on this effort, but does have some serious concerns. The Montreal Process results have not been ratified by the U.S. Senate, so their legal status is somewhat ambiguous. While the executive branch of government has the authority to pursue a wide range of policy initiatives, there remains the question of how binding the sustainability indicators will be on private parties. Also, the inclusion of so-called social indicators opens the door to a totally subjective area of analysis that could prove to be extremely divisive. It also suggests a social engi-

neering aspect that seems inappropriate. We would argue that the use of economic and environmental indicators are more than sufficient for determining sustainability within the context of a free society. These aspects can be readily quantified and objectively analyzed. Well crafted regulatory programs working in tandem with a properly motivated market economy will allow citizens to make the kind of informed choices that will result in "sustainability."

Even though few people oppose the general concept of sustainability, the policy is very controversial. The reason for this may have more to do with human nature than mother nature. This is where we must delve beneath the surface of the philosophical issues discussed above. The BC Environmental Information Institute (BCEI) observed in the July issue of its *Members Bulletin* that there appear to be two diametrically opposed points of view when it comes to environmental sustainability. One, referred to as the ecological, sees the natural environment as very fragile, leaving us constantly at risk of using up our natural resources. The other, dubbed the neoclassical, views nature as being robust and highly adaptable, with resources tending to be self rationing. BCEI quoted Douglas McGregor, a management theorist, who believed there are "theory X" people, who tend to be pessimists, and "theory Y" people who tend to be optimists. To him, theory X people tend to be negative, more narrow in their views, and have a need to be in control, while theory Y people tend to be positive, more open minded, and flexible.

Ironically, it seems the view that tends to worship nature has the least amount of faith in her recuperative abilities. Lost in a level of detail that is beyond the grasp of any human, they tend to oversimplify every natural process in a vain attempt to understand all. They project their psychological panic attack onto the complex world around them and see impending disaster everywhere. At the same time, the view with the most confidence in nature also appears more able to accept the complexity of nature. Their beliefs rely on the ample empirical evidence of the great resiliency of the biosphere - nothing less than a demonstrated ability to bounce back from volcanic eruptions and giant meteor strikes. Some might argue that the

weakness of this view is a tendency towards complacency, which often can result in seriously underestimating actual impacts of certain development activities, with the attendant ramifications.

Against this philosophical backdrop, the National Task Force on Energy and Mineral Indicators was convened on June 16, 1999, to develop national scale indicators of sustainability. NWMA has been asked to participate in this exercise. Staff member **Ivan Urnovitz** will represent NWMA and participate in the Task Force efforts. Any members with an interest in assisting with this effort should contact him at the NWMA office.

USGS Releases Open File Report on Asia

The release of Preliminary Publications Book 1 - Project on Mineral Resources, Metallogenesis, and Tectonics of Northeast Asia (USGS open file report 99-165) marks a critical milestone in this ambitious project. The project covers north-



east China, Japan, Korea, Mongolia, and eastern and southern Siberia. NWMA has endorsed this project as well as its predecessor, which covered Alaska, Canadian Cordillera, and Russian Far East. The project is providing a comprehensive international data base on the mineral resources of this vast region. Much of this information is being made publicly available for the first time, and little of this knowledge has ever been available in English. A major purpose of the project is to promote trade, as well as scientific and technical exchanges. These are all critical factors in helping to open up this region to profitable mining ventures by Canadian and U.S. companies. This is the primary reason NWMA has supported the USGS efforts and is a named collaborator. Contact Warren Nokleberg with the USGS at 650/329-5732 for more information on the project or to obtain the report, which is available on CD-ROM.

Enigmatic Gold Markets

It is certainly not news that the gold markets remain in the doldrums. However, some of the factors contributing to the unsettled situation are turning a normally dry subject into something of a drama. First, there is the increasingly widespread move by central banks to liquidate their gold assets. The twist is that it is being done in a high profile way and prominent world figures are encouraging more of the same. Leading the charge is U.S. Vice President Al Gore, though he is not alone. Mr. Gore's stance may be coincidental, but it does give the appearance of furthering the anti-gold mining agenda of the U.S. government.

Second, some very thoughtful people within the gold mining community have begun to talk publicly about possible trading irregularities. It has been reported that a few central bank economists believe that low gold prices are beneficial. Like many, they see a link between low gold prices and low inflation, though few

have seen gold as the driver prior to this. Also, several articles have appeared in national publications over the past few months discussing how some traders may be trying to manipulate the markets.

The latest example involves allegations that the U.K. was timing its gold auctions to help speculative short sellers. If so, the plan was wildly successful as the U.K. auction drove prices to 20 year lows. The Bank of England only received \$261.20 an ounce, and most of the bids were reportedly well under the spot price. While internal U.K. politics is certainly driving some of the rhetoric, it does seem curious that calls for an inquiry into the matter were rejected out of hand by the U.K. government and immediately branded as "wild fantasy." To paraphrase the *Bard*, the U.K. government seems to "protesteth too much."

It may be coincidence, but old fashioned supply and demand seems to be taking a back seat to other factors. Whether con-

spiracy or accident of history, central bank policies and modern trading practices do seem to be working together to make the gold market more of an enigma than ever. For example, does it not seem curious that the central banks appear content to sell low? Perhaps their broader policy objectives outweigh the potential for 10-20% more revenue from the planned sales. And how is it that artifacts of the trading process itself are taking on greater importance than the commodity being traded?

The current situation makes it very clear that the gold mining companies can do little to positively influence the price of gold, at least in the short term. Some analysts are even beginning to speculate that we may be witnessing a fundamental shift in gold's role in the world economy. Only time will tell, but the current era does seem to be somewhat unusual.

Prospector Poets

The honor of being the first Miner's Poet Laureate by the National Mining Hall of Fame and Museum goes to Verne Boston of Mabton, Washington, which is about 37 miles (60 kilometers) southeast of Yakima. His winning poem is called "The Hardrock Miner." Ninety-three entries were submitted by 37 poets from 11 U.S. states, plus England. Verne worked as a raise miner in various mining camps prior to going to work as an inspector for MSHA, retiring in 1986. Of course, NWMA has long supported this unique art form through the Prospector Poetry session at the Annual Meeting. Session Chair **Allan Marter** reminds everyone that it is not too early to put pen to paper and let the creative juices flow. We would encourage all who take part in Prospector Poetry to submit their poetic gems to the 2nd Annual Miner's Poet Laureate contest, which closes June 1, 2000.



Questions or Comments? We'd love to hear from you.
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Check out our Web site
www.nwma.org

There is a Bright Side!

The Clinton Administration's stepped-up "War on Mining" coupled with the lowest metal prices in 20 years and unprecedented layoffs can make even the eternal optimist wonder if it will ever end. The following three stories are good reminders that there is light at the end of the tunnel and that the current down cycle will eventually fade into history, just like all the others before it.

• NICOLET MINERALS WINS ANOTHER ROUND

The effort to turn the Crandon project into a mine continues. **Nicolet Minerals** was successful in preventing yet another proposal by anti-mining interests from being enacted in the state legislature. If passed, it would have allowed the nearby town of Nashville to unilaterally withdraw from a binding agreement freely entered into with Nicolet. It appears that newly elected town officials are not satis-

fied with the terms of the agreement and wish to have it rescinded. The parties are in court over the matter and the legislature wisely decided to not intervene in what amounts to a contract dispute. Nicolet is optimistic that it will prevail and is continuing with its plan to begin construction as soon as all the myriad approvals are received.

• EKATI SHINES

There is at least one bright spot in the Canadian mining scene. The Ekati diamond mine in the Northwest Territories is surpassing the expectations of its operating partner, Broken Hill Proprietary. The mine came on line late in 1998 and by April of this year production had exceeded 1 million carats. The mine is receiving the equivalent average value of US \$144 per carat, about 10% higher than originally expected. During a time of generally depressed prices for mined materials, it is

refreshing to see an operation that is bucking the trend.

• PAN AMERICAN FINANCES RUSSIAN SILVER PROJECT

If a company can continue to forge ahead with a major project in Russia, there is hope for us all. Pan American recently announced that it has put together a finance package for its Dukat project. Located in the Magadan region of the Russian Far East, the company plans on restarting the silver mine, which was originally developed under the Soviets. Pan American's success is undoubtedly attributable to a very talented and dedicated group of people at that company. It also stands as mute testimony to the fact that the business and operational climate in Russia continues to improve, at least for foreign mining companies.

Prudent Public Land Management

Although NWMA has grave concerns about the political appointees currently running the Interior Department, NWMA recognizes that the BLM contains many very capable professionals. We were recently reminded of this fact by some land exchange activities taking place literally in our own backyard. The Border Resource Area of the Spokane District BLM office has been methodically working to rationalize its land position throughout Eastern Washington. Clifford Lignons, the area manager, had two primary goals. The purposes were to reduce the number of scattered small, and essentially unmanageable, woodland parcels held by BLM and obtain prime wildlife habitat. Basically, BLM has been trading timber in Northeastern Washington for shrub-steppe habitat in the geologically unique scabland area of Southeastern Washington.

This is a prudent, business-like approach to managing the lands under BLM jurisdiction. The public interest is well served by these creative, pragmatic methods. Tight budgets and political sensitivities tend to discourage many agency personnel from taking on such complex projects. By trading public for private lands, the concerns of private property advocates are avoided and fiscal conservatives can feel satisfied.

This program resolves common dilemmas faced by both the BLM and USFS, including what to do with scattered, isolated tracts of land that only serve to distract from their core mission. The flip side of the coin for them is how to fund land acquisition from willing sellers in order to accomplish key agency objectives. It is heartening that there are BLM district managers like Joe Buesing who encourage their people to find such win-win solutions.

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Gold by the Mile

Unimpressed by the penny-ante approach of the "Gold by the Inch" franchise, AngloGold decided to show the world what a real gold chain looks like. The South African company had a gold chain constructed in Dubai that is 2.5 miles (4 kilometers) long and weighs 440 pounds (200 kilograms). The value of this record setting gold chain is over \$2 million (U.S.). The company made this unusual move in the hope of overcoming investor apathy toward the highly esteemed metal.

Though probably unrelated to Anglo's imaginative efforts, demand for gold coins is showing new strength among U.S. investors. During the first quarter of this year, sales of newly minted coins were 32 tonnes, verses 75 tonnes for all of 1998. Analysts believe this is due to concerns about the financial markets. Cited are a combination of Y2K syndrome and jitters about a major correction in the over-heated U.S. stock market. The only question left to ask is what will people do with all those gold coins if the world does not end on January 1, 2000?



AREA REPORTS

CANADIAN ISSUES

Bre-X Begets QP

The Bre-X scandal made clear that there needed to be more accountability if the credibility of company reports was to be restored. As a result, Canada has been busy forging new institutions. Spurred by changes to the securities law, government officials and the mining community are working to implement the new professional standard of "Qualified Person" or QP. The responsibilities and obligations of a QP are of keen interest to mining professionals in the U.S. as well as Canada. As **Ron Parratt, Homestake Mining Company**, Director of Exploration-Americas and President of the AIPG Nevada Section, observed in their July newsletter, "We all recognize the importance of Canadian companies in the exploration scene in Nevada, as well as other parts of the world.... All of this has been magnified by the current depression in metal prices which has increased the number of our members seeking consulting work-especially...with Canadian companies."

The Prospectors & Developers Association of Canada (PDAC) reported some of the recommendations made by the Mining Standards Task Force to the Toronto Stock Exchange (TSE) in their *Communiqué* of March 1999. The Canadian Institute of Mining, Metallurgy and Petroleum (CIM) is seen as playing a major role in shaping the QP program. One of the requirements envisioned is being a member in good standing of a recognized professional association with educational, licensing and disciplinary procedures. Another is possessing at least five years experience in a relevant field. Also, recommended is reciprocity not only among appropriate Canadian associations, but with their counterparts in other countries. Countries specifically mentioned in the report include, Australia, the United Kingdom, United States, and South Africa.

By rising to the occasion, the Canadian mining community is demonstrating why it has a preeminent role in the global development of mineral resources. The situation also demonstrates the importance of active participation in professional societies like SEG, AIPG, CIM and SME, as well as trade associations like PDAC or NWMA.

The 1999 NWMA Annual Meeting presents an outstanding opportunity to learn more about the QP issue and how it affects you. **Larry Smith**, MRDI, is organizing a 3-day short course beginning Nov. 28 entitled, *Project Design and Reporting Requirements for Exploration and Development Projects*, with an emphasis on reporting standards established by various securities exchanges in Canada, the U.S. and Australia. Contact NWMA for more information.

Sovereignty

Environmental activists are pressuring the Canadian federal authorities to relinquish control over "trans-boundary headwaters" to an International Joint Commission (IJC) Watershed Authority. One immediate target of this effort is Redfern Resources, Ltd's Tulsequah Chief Mine in British Columbia, which has secured a Project Approval Certificate after a rigorous 3-1/2 year B.C. Environmental Assessment Act Review. The governments of B.C., the Yukon, Canada, Alaska and the United States were involved in this assessment, as were public and First Nation's stakeholders. This intensive lobbying effort is being funded by activist organizations based in the United States bent on stopping the mine. Fore-

most among the issues for miners is preserving the integrity of the Canadian system for reviewing and approving major development projects. PDAC has correctly pointed out that such an IJC authority would "call into question the legitimacy and finality of Canadian processes." It also seems unwise to allow anti-development activists another venue to ply their trade.

The current system allows Canadians ample opportunity for public involvement. There is a high degree of accountability that would quickly evaporate. Little is gained by bringing in outsiders with little at stake in the outcome. This is merely an invitation to mischief. Effective cross-border mechanisms already exist to ensure that all legitimate issues are addressed by the responsible authorities. Experience in nations as different as the United States and Russia have shown that such calls for new commissions are transparent attempts to introduce additional procedural delays and new "soft" laws with arbitrary standards.

The NWMA position on such sovereignty issues is the same wherever they arise: It is of paramount importance that each country maintain control over its own destiny. This is the most basic tenet of national self determination and preserving democratic institutions. Certainly, countries should cooperate in solving mutual problems, but there is great peril in abdicating sovereign authority to any group whose agenda places the well being of people second to dogma. The Association strongly supports the PDAC stance on this issue. Establishing a new IJC will not benefit NWMA members on either side of the border. Call David Comba with PDAC at 416/362-1969 for more information .

IDAHO ISSUES

Old Mission Acts as Time Capsule

In 1848, Jesuit priests constructed the Cataldo Mission on the banks of the Coeur d'Alene River. The area would eventually become known as the Silver Valley of north Idaho. Built of bricks made of river mud and straw, this humble mission has become a time capsule that 150 years later could reveal what the natural levels of lead and zinc were prior to mining.

The question is important because the U.S. Environmental Protection Agency (EPA) is in the process of setting cleanup standards for the same area as part of a basin-wide Superfund effort. If naturally occurring levels of metals like lead and zinc were as high as some people believe, then the scope of work could change dramatically. Also at stake is the final outcome of a Natural Resource Damage Assessment (NRDA) lawsuit against the four surviving mining companies operating in the region. The federal government believes that damages are in the neighborhood of \$600 million, and the Coeur d'Alene Tribe believes that figure could rise to a cool \$1 billion.

Bob Hopper with the **New Bunker Hill Mining Company** was able to obtain some core samples of the original adobe brick. A well respected analytical laboratory measured the lead in that pre-mining mud at 1,490 parts per million. EPA currently requires action at levels above 1,000 ppm and prefers lead levels to be under 400 ppm in soils in residential areas.

Even though Bob revealed his findings 10 months ago, none of the agencies involved has been in a particular hurry to confirm his findings. In fact, the EPA has studiously ignored this



AREA REPORTS

new information and went so far as to reaffirm its official position that natural background levels of metals were very low. The manager of the park where the mission is located found himself in the position of having to apologize to the Coeur d'Alene tribe for cooperating with Hopper. It would seem that a number of parties with a stake in the NRDA lawsuit do not want to be inconvenienced by new facts. However, the Idaho Department of Environmental Quality has now indicated that it will do a follow-up study later this year. NWMA will report the results when they become available.

MONTANA ISSUES

Exploration License Files To Go Public

Montana's Department of Environmental Quality has received a request from Jim Jenson, executive director of the Montana Environmental Information (*Misinformation?*) Center to review the contents of all exploration files. DEQ responded by sending out a letter on July 13 to all exploration license holders informing them of the request and setting forth the confidentiality criteria the DEQ will apply. Exploration license holders in Montana have until October 1, 1999 to advise the DEQ of information they wish to have kept confidential. After that date "the department may allow public review of any information for which confidentiality is not requested."

According to the letter, the right to privacy under Montana law protects proprietary information, trade secrets under the Montana Uniform Trade Secrets Act, and other information traditionally considered private, such as personal information. However, the DEQ also stated that material may be kept confidential only if it determines that the demand of individual privacy clearly exceeds the merits of public disclosure. Both points were derived from a 1992 Helena district court judgment.

NWMA is aware that many states allow for public access to exploration permits and licenses. Consistent with the situation in Montana, some portions of the records can be held confidential. In fact, a few states hold the agencies strictly accountable for protecting proprietary information. What is most surprising about the letter from the DEQ is the implication that a system for formally designating confidential information was not already in place when the MEIC request was received. Thus, some affected members may want to consider consulting a lawyer, especially if commercially valuable or sensitive information is in their files.

Those with property interests in Montana may contact either

Warren D. McCullough at 406/444-6791 or Toni Meyering at 406/444-3920 for more information. Both individuals are with the Environmental Management Bureau in Helena. A copy of the letter may be obtained by calling Kathy at the NWMA office.

OREGON ISSUES

Chair: Rich Shepard, Applied Ecosystem Services, 503/667-4517

Making the Oregon Plan Work

The Oregon Department of Geology and Mineral Industries (DOGAMI) is working constructively with mining companies in that state to avoid impacts to sensitive fish habitat. As part of implementing the Oregon Plan, DOGAMI put together a storm water inspection checklist they call "Fish Report Cards" in 1996. The report card is used at the 152 commercial rock quarries, industrial mineral sites, and gravel pits that are located in the coastal zone designated by the Oregon Plan for fish recovery. The emphasis is on educating operators and raising their awareness. During the site visits, operators are provided information on how to better protect or help improve fish habitat through the development of more effective sediment control strategies. Follow-up visits by DOGAMI staff have revealed that not only are miners complying with the recommendations, but many have made additional improvements on their own. This effort serves as a good example of how cooperative, pragmatic, results oriented programs bring positive results.

WASHINGTON ISSUES

Water Rights Non-Moratorium

In a classic example of bureaucratic doublespeak, the Washington Department of Ecology (Ecology) recently announced that they will continue to *not* grant new water rights for the Snake River even though they have ended their moratorium on issuing new Snake River water rights. The agency noted that the Snake is already over appropriated and that federal agencies, such as National Marine Fisheries Service and the U.S. Army Corps of Engineers, may need additional in-stream flows to help recover several salmon species. The non-moratorium will continue well into the year 2000, as Ecology must wait for new biological opinions and other water use reviews to be completed by the federal government.

COMMITTEE REPORTS

HEALTH & SAFETY

Chair: Dale Avery, NIOSH Spokane Research Laboratory, 509/484-1610

Abandoned Mine Hazards

NWMA participated in the recent Mine Hazard Awareness Campaign conducted by MSHA. Its purpose was to alert the general public to the dangers of using active or abandoned mines for recreational purposes. The Association is currently using its public education programs as an opportunity to remind school age

children to "stay out-stay alive" if they come across old mine adits and shafts on family excursions. NWMA has also cooperated with federal land management agencies in hazard abatement efforts over the years.

The 1999 program was such a success that MSHA is already making plans to make this an ongoing effort. The agency is looking for suggestions from the mining community that could help enhance this important public outreach program. Members with ideas should call NWMA, Dale Avery or Mark Davis with MSHA at 703/ 235-1372.



COMMITTEE REPORTS

Self-Rescue Device Rulemaking

MSHA has issued an Advance Notice of Proposed Rulemaking on safety standards for self-rescue devices. The breathing devices have been used in mines for 25 years and have saved lives. A major challenge is ensuring the devices will function as intended when the need arises. MSHA recognizes the harsh conditions experienced in the rugged mining environment.

Key issues were identified at a conference MSHA co-sponsored with NIOSH in June that included all stakeholders. The agency will be taking a closer look at training, ensuring the devices function properly after being in the mining environment (service life), harmonizing international standards, clarifying existing storage plan requirements, proximity of work areas to where the devices are stored in coal mines, and expanding the use of Self-Contained Self-Rescue (SCSR) over the ubiquitous Filter Self-Rescue (FSR) devices. Preliminary comments were due August 6, 1999. NWMA is coordinating our input with National Mining Association on this issue.

Diesel Emissions Issue

The use of diesel powered equipment in mining is common, even in the underground setting. Due to increasing concern over potential health problems associated with prolonged exposure to diesel emissions, MSHA and other federal agencies are moving towards more rigorous standards. The implications for underground mine operations are significant. Many companies have expressed concern that the new requirements may be onerous, even though they support efforts to lower the health risk to mine workers. This has emerged as an important issue to everyone in the mining community.

As a result, several NWMA members have called to ask how the Association is dealing with the diesel emissions issue. They are advised that while NWMA is being proactive by not operating any diesel equipment inside our offices, our available resources do not allow us to be heavily involved in this particular technical issue. However, we are actively monitoring developments and will provide comments and other information to those mining groups, such as Nevada Mining Association and National Mining Association, that have taken this on as a primary issue. We also expect to directly interact with labor organizations and federal agencies. Any member interested in this issue should feel free to call Dale Avery or the NWMA office.

MEMBERSHIP COMMITTEE

Chair: T. Lyle Taylor, Geotemps, Inc., 702/746-7146

NWMA extends a welcome to the following new individual members:

- **Brandon Ball**, Sumner, WA
- **Ernest Downes**, Kent, WA
- **Dean Heitt**, Carlin, NV
- **Scott Nichols**, Boise, ID
- **Don Pattalock**, Carson City, NV
- **Gerald Rehder**, Pilot Rock, OR
- **Eric Wilson**, Boise, ID

Members On the Merge

- **Placer Dome Inc.** has completed its merger with Getchell Gold Corporation.
- **ASARCO** and **Cyprus-Amax** announced they successfully completed a merger agreement. Plans call for the new company to be headquartered in New York, and have a major field operations office in Phoenix.

MINING LAW

Chair: Steve Alfors, Alfors & Carver, LLC
303/592-7675

The Game's Afoot!

NWMA and other industry observers have maintained from the beginning that the real purpose behind Interior Solicitor Lesly's infamous millsite opinion is to make the Mining Law unworkable and force industry to negotiate changes to the Mining Law on the Administration's terms. Lesly plotted this strategy in his 1987 publication *The Mining Law: A Study in Perpetual Motion* and in a 1988 law review article, *Reforming the Mining Law: Problems and Prospects*, 9 Pub. Land L. Rev. 1. This became clear in the floor debate over Representative Rahall's (D-WV) amendment to the FY2000 Interior Appropriations Bill that would codify the millsite opinion. Rahall began his remarks by referring to the Mining Law as a relic of President Ulysses S. Grant and stating that it was time to stop "the greatest giveaway this Nation has ever experienced." Peppered throughout the debate were cries of "no royalty," "\$5 per acre" and "dirty pictures (unreclaimed abandoned mines)." Efforts by our supporters to refocus the debate where it belonged: on separation of powers and ensuring that unelected bureaucrats are not allowed to usurp Congress' legislative authority, were unsuccessful. The final vote was 273 to 151 to adopt the Rahall amendment.

Meanwhile, back in the Senate, Patty Murray (D-WA) is trying to pick up where Dale Bumpers left off. She offered an amendment to the Interior Department Appropriations Bill that would have struck language inserted into the bill by Senator Craig (R-ID). Senator Craig's language prohibits Interior from applying the millsite opinion, now or in the future. Fortunately, wiser minds prevailed and Senator Murray's amendment was tabled on a 55 to 41 vote.

The issue must now be decided in a House-Senate Conference Committee when Congress returns from the August recess after Labor Day. Where this will all lead is unclear at this time. What is clear is our opponents are successfully using "no royalty, \$5 per acre, and dirty pictures" to win congressional and public support for their anti-mining agenda. Our industry must continue to strongly support the efforts of the wiser members of Congress to responsibly update the Mining Law. Since the Administration refuses to negotiate in good faith to resolve major differences, we must take our case to the public. The key to winning this battle in Congress is winning in the court of public opinion. The key to winning in the court of public opinion is an effective message that addresses the questions the public is asking.



COMMITTEE REPORTS

Bill to Ban Mining

U.S. Representative Dave Wu (D-OR) introduced a bill that would place a moratorium on all mineral related activities on federal lands. The concise half-page measure would prohibit any agency of the federal government from "issuing any new authorization for any mineral activities on federal lands." Included in the definition of mineral activities are reclamation activities. Does that mean that industry would be relieved of all responsibility under Superfund? Think of the possibilities. On a more serious note, NWMA wonders what Mr. Wu is really after. Does he really want to end all mining in the U.S.? Of course, there is the possibility that Mr. Wu introduced this tongue in cheek. It could be a clever lampoon of extremist environmental legislation that is elegant in its simplicity and certainly makes clear the real agenda of anti-mining groups. If so, our hat is off to Representative Wu for having the courage to expose the absurdity of positions taken by the zealots in the environmental lobby.

PUBLIC LANDS

Co-Chairs: Paul Jones, Royalstar Resources Ltd. 303/278-1416 & Bill Prince, Dorsey & Whitney LLP, 801/350-3581

ICBEMP Update

There may be another bump in the road for the ICBEMP project. The U.S. Senate passed a provision as part of the FY2000 appropriations bill for Interior and related agencies that could slow down the already glacial progress. Should the language become law, it would require the project team to send a report to Congress detailing the land management changes and fiscal costs associated with implementing the different alternatives. In addition, a 120 day public comment period on the report would be required prior to the BLM and USFS issuing a final EIS. Since the final document is not due until early in 2000, it is difficult to judge how much the current schedule would be affected.

Meanwhile, ICBEMP staff are attempting to move the process along. Project managers recently went on the road to update stakeholders. One such briefing was conducted in Spokane and attended by NWMA staff member **Ivan Urnovitz**. By the end of the session, it was apparent that the agency personnel assigned to the project are having a very difficult time reconciling the wildly divergent set of orders that seem to be coming out of their Executive Steering Committee (ESC). This decision making group includes the top state and regional managers of BLM, USFS, EPA, NMFS and FWS.

Though not expressed by ICBEMP staff, those sitting in on the presentations could not escape the fact that there is a clear conflict between the doctrinaire and rigid demands being made by NMFS and FWS, and the practical realities facing land managers. NMFS and FWS continue to signal that they care little about the concerns of the public, local elected officials, or the Congress. The actions of these agencies are becoming increasingly arbitrary and capricious, with less attention being paid to using good science than ever before, at least in the Pacific Northwest. Of all the Association's concerns about ICBEMP, the fact that the agencies charged with ESA oversight seem bent on imposing onerous command and control land management restrictions is foremost. Following the briefing, stakeholders agreed that ICBEMP staff are merely the messengers of the confused and essentially unworkable message being sent by the ESC.

NWMA is becoming increasingly convinced that the role of NMFS and FWS must be altered. Acting as sole arbiter in the ESA consultation process makes them virtually unaccountable and allows them to avoid experiencing a badly needed reality check. Federal land management agencies must be given the ability to administer ESA provisions as part of their overall responsibilities. Both the USFS and BLM have appeal processes that would keep the process above board and transparent, which is just the opposite of what is currently happening under NMFS and FWS.

Department of Redundancy Department

In a bold and daring move, a group of federal agencies with responsibilities to help recover endangered fish species decided to create a committee to provide guidance to all the other committees they have created over the years. It is called the Multi-Species Framework Project (MSFP). In a recent outreach letter, those involved expressed apparent dismay that "several parties in the region have expressed confusion about various processes in place to develop a plan or plans for the restoration of fish and wildlife resources in the Columbia River Basin." This newest group will "develop a unified multi-species plan for the Columbia Basin." They may find that completing a formula for the unified field theory in physics would go more quickly and be easier to explain to the public.

Even with a scorecard, it is hard to keep everything straight. Here are the groups involved: Northwest Power Planning Council; the states of Idaho, Oregon, and Washington; 11 of the 13 tribes in the Columbia Basin acting as the Tribal Caucus; Federal Caucus composed of NMFS, Army Corps of Engineers (Corps), Bureau of Reclamation (Bureau), Bonneville Power Administration (BPA), EPA, BLM, USFS, U.S. Fish and Wildlife Service (FWS), and the Bureau of Indian Affairs. At least five of the entities -NMFS, USFS, BLM, BPA, Corps- are already working on basin wide studies and recovery plans. Several products are being developed independently of each other and arise out of different charters or legal mandates. Briefly mentioned in the letter is the five year old ICBEMP effort being undertaken by BLM and USFS.

The Report on Framework Alternatives describing the various management options will be completed in the Fall of 1999. In the best of bureaucratic traditions, it will precede by at least three to six months the scientific evaluations and recommendations being produced by the Corps, BPA, Bureau, BLM/USFS, and NMFS. Making critical management decisions prior to having all the facts does not seem to be a particular problem for these agencies. In all fairness, this approach appears consistent with the way these agencies have dealt with other ESA matters, so this is hardly setting a new precedent. The people responsible for this effort are Donna Darm, chair of the Federal Agency Caucus, and Roy Sampsel, project manager of the Multi-Species Framework.

Every American uses 47,000 lbs. of minerals each year.

COMMITTEE REPORTS

USFS Chief Leads Attack on Forest Users

Several examples of the U.S. Forest Service (USFS) aggressively pursuing an extremist “no-use” environmental agenda have come to our attention.

• *Example 1: Dombeck Attacks Recreation Industry*

The chief of the USFS recently put the recreation and tourism communities on notice that they could end up being put out of business like the timber industry. Dombeck announced that he was unilaterally changing the mission of the Forest Service. The new top priority will be “watershed health” and all other uses, including recreation, will be secondary. This statement raises a number of major concerns for all who need access to National Forests.

First and foremost, this appears to be another example of a Clinton Administration appointee attempting to illegally legislate through rulemakings and policy memorandums. The official forest use policy approved by Congress remains one of environmentally responsible multiple use.

Second, this policy shift away from encouraging recreational use of the nation’s forests is immensely significant. It makes a complete mockery of all the promises of recreation and tourism expanding to replace the jobs lost from the timber and mining industries. Also underscored is the reality of *de facto* wilderness creation under the pretense of maintaining “ecosystem integrity,” watershed health, or some other program.

• *Example 2: USFS Uses CERCLA to Punish Miners*

It is well known that the joint and several liability clause of CERCLA has caught many unsuspecting people in its net, even those with a *de minimus* contribution. Based on discussions between the USFS and the State of Arizona, it seems that the definition of potentially responsible party (PRP) is being expanded by the agency. A state departmental memo stated that the USFS believes that any single party with a financial interest in a mining property can be held liable for the environmental remediation of an entire mining district regardless of whether that property did anything to contribute to the pollution.

CERCLA provides for a discovery stage that could result in every property or claim owner in a mining district being required to submit certain information regarding their property or past operations. The responses are used along with other records and data collected to help develop a list of PRPs - those who appear to have been directly connected to the pollution being abated, even if their contribution was small. However, NWMA is unaware of CERCLA continuing to be applied in as sweeping a manner as being used by the USFS into the cleanup stage. CERCLA precedents have required some direct tie to the problem, however small the contribution may have been.

This situation raises two concerns. First, are there agency attorneys or field personnel who are willing to use newly delegated CERCLA authority in a punitive manner? As the State of Arizona observed, the approach being taken by the agency “... will have a chilling effect on mineral exploration on federal land.” The second is that regardless of their motivation, it appears that the USFS is not following the proper procedural process. For example, they are already scheduling and contracting for cleanup work without completing a Remedial Investigation/Feasibility Study (RI/FS) or giving the PRPs an opportunity to undertake the work themselves.

This could simply be due to a lack of experience with administering CERCLA, but it could also reflect overzealous behavior.

These examples show that the USFS is becoming increasingly confrontational and more arrogant in its approach. All indications are that this direction is being imposed from the top down. Off the record discussions indicate that many of the agency rank-and-file are uncomfortable with these policy edicts and concerned about their legality. The somewhat contemptuous attitude being displayed by Mike Dombeck demonstrates that this disciple of Bruce Babbitt was well indoctrinated during his tenure as head of the Bureau of Land Management.

General Public Disagrees With Dombeck

A survey completed by Dr. Bruce Merrill at Arizona State University appears to contradict policy statements being made by the U.S. Departments of Agriculture and Interior. Representatives of the USFS and BLM are constantly asserting that “the expectations of the public are changing” as justification for shifting towards non-use of federal lands. Dr. Merrill’s results indicate that city dwellers are much more open-minded when it comes to land use than beltway bureaucrats. It is interesting to note that the researchers found the correlation between the views of city folks and their country cousins to be very high. This suggests that many federal policy makers are out of touch with the true desires of U.S. citizens. Here are some of the findings:

- *Urbanites support continuing such beneficial uses of public lands as logging, mining, ranching, and recreation, as long as the users exercise good stewardship.*
- *An overwhelming majority, 94%, of the people surveyed believed it is important to protect the economic stability of rural communities.*
- *Not surprisingly, recreational uses of public lands are important to urbanites with 93% wanting to maintain such opportunities.*
- *Most respondents, 61%, do not believe that the federal government should be able to restrict economic uses of private land.*
- *Over half, 54%, believe that private land owners should be compensated for economic harm if prevented from being able to mine or log by federal regulations.*

Thus, the results of this poll indicate that the expectations of urbanites are consistent with current practices of loggers, ranchers and miners. The real story must be presented to the American public by the mining community, in concert with other public land user groups. This is necessary because too many newspapers and television stations are content with parroting the disinformation being spread by the environmental lobby. The media is already touting action being taken by the Senate to curb the abuses of Interior and Forest Service as “rolling back environmental protection” and “Congress caves-in to industry demands.” Of course, the only thing being rolled back is improper expansion of authority by the land management agencies, and the demands being made on Congress by concerned citizens are for fairness and rule of law.

COMMITTEE REPORTS

The public does not appreciate that everyone who uses federal lands, including recreational users, will also have to cope with the new restrictions, not just commercial interests.

NWMA urges all members to write letters to newspapers and make calls to television stations to set the record straight. Also, make sure to pose the hard questions to elected officials and candidates who need to put federal land management issues on their radar screens.

County Schools Funding Revitalization Act of 1999

A bipartisan bill introduced in the House and co-sponsored by U.S. Representatives Nathan Deal (R-GA), Rick Hill (R-MT) and Allen Boyd (D-FL) would help stabilize revenues to rural counties reliant on federal revenue sharing to fund critical services. Severe reductions in timber and other natural resource outputs have caused significant harm to school programs due to large drops in payments from the federal government to local communities. The revenue sharing system was first established in a 1908 compact. Of course, a promise to share revenue means little when the partner in control decides to curtail revenue producing activities.

The measure, HR 2389, proposes an interim five year payment program to provide a large fraction of the revenue historically received by the rural counties, while a permanent solution to the problem is developed. Supporters, which include the Clinton Administration, believe that federal and local officials can find ways to restore long term community stability during the five years the program would be in effect.

Meanwhile over in the Senate, Senator Larry Craig (R-ID) and Senator Ron Wyden (D-OR) have introduced a competing bipartisan measure. Their version would not decouple payments from forest revenues derived from commercial activities. The final bill is expected to give the agency flexibility in providing payments to local and state governments, but the exact mechanism has not been decided.

The Association, and others, believe that the long term needs of communities surrounded by federal forests are not fully met simply by partially restoring lost revenue. Viable rural communities must also have an adequate number of family wage jobs available and a sense of cultural continuity. It would appear to be desirable to give the Forest Service new administrative tools and an incentive to use them to ensure a minimal level of timber harvest. Unfortunately, the current system encourages frivolous lawsuits that are used to delay environmentally sound projects.

Dakota Mining — Victim of Permitting Delays

Denver based Dakota Mining Corp. called it quits after a five year battle for mining permits and the lowest gold prices in the last 20 years. According to Dakota President, Alan R. Bell, "The falling gold prices have been a major obstacle that we could not overcome. But the principal reality of why we are where we are today is years and years of permitting delays. It's very costly to keep mines shut down and that has been the biggest cash drain on the company."

A little over five years ago, when Dakota filed its plan of opera-

tions to expand its Gilt Edge Mine to include a new deposit on USFS administered land, it did not foresee that mine opponents would fight so hard to stop the expansion. After all, the key to reclaiming the mine as well as several historical abandoned mine sites on the property was the cash flow from gold production from the Anchor Hill deposit. Successfully fighting appeals by environmental activist groups, Dakota finally acquired a permit to operate the Gilt Edge Mine in January, but by then it was too late. The company spent more than \$2 million per year maintaining environmental controls at the property near Deadwood, South Dakota. Dakota anticipated a permitting process of 18 to 24 months, not five years. Had it been able to secure its permits in a reasonable amount of time, it could have begun selling future gold production at hedged prices of around \$400 per ounce.

Unfortunately, Dakota is another victim of a permitting system that has become an overt political exercise fraught with uncertainties and delay after delay. The U.S. permitting process has become an endless loop with no sideboards, and unfortunately, no accountability. Very few federal regulators at the local level are willing to make decisions for fear of being reprimanded by the political appointees ensconced in their Washington, DC ivory towers. It appears that federal regulators do not understand the problems that delays create. After all, in the DEIS for the proposed 43CFR3809 Surface Management Regulations, the BLM stated that time was given no monetary value in their economic models. Tell that to Dakota Mining Corp.



THE NORTHERN MINER PRE-CONVENTION SUPPLEMENT

The Northwest Mining Association (NWMA) and *The Northern Miner* (TNM) are producing a **Pre-Convention Supplement** providing comprehensive details on the NWMA '99 Annual Meeting. It will include the technical program schedule, social highlights calendar, Exhibitor list, a map of the exhibition area, and more. This Supplement will appear in the October 11 issue of TNM, to be sent to the entire circulation of the paper, as well as NWMA members. The supplement will be available at the Exposition in December, along with the November 29 issue of TNM, which will focus on Exploration '99. **For advertising rates call Mike Heywood at 800/459-8314 (USA), in Canada, Brian Warriner or Robert Seagraves at 800/268-7742, or Gary Takahashi at 888/688-0958.**