

MAY/JUNE 2001

A New Dawn for Mining?

by David A. Litvin

Director for Public and Government Affairs
Kennecott Minerals Company

Before the November Presidential elections, I was reminded of the old proverb, “*The darkest hour is that just before dawn.*”

Last year, with the prospect of the Clinton legacy against mining continuing under a Gore presidency, mining interests throughout the West were demoralized. Doom and gloom scenarios were openly discussed, with domestic budgets frequently diverted to exploration and development outside the United States. In addition, predictions of increased domestic unemployment in the natural resources sector, higher U.S. trade deficits, and increased consumer energy costs were beginning to become a reality. The new Bush administration team has indeed inherited a confused and demoralized situation regarding Western natural resource development and future domestic energy production.

The prior administration’s tenure in Washington was earmarked by a zealous approach to closure of public lands at the expense of the proven concept of multiple-use for the development and production of natural resources, including the nation’s energy needs. This ill-conceived policy reminds me of the quote by Supreme Court Justice Louis D. Brandeis: “The great dangers to liberty lurk in insidious encroachment by men of zeal, well-meaning, but without understanding.” By all appearances, President Clinton and his administration officials were indeed bold in their actions to circumvent statutes requiring the multiple-use of public lands. Their approach failed to recognize or acknowledge the multitude of environmental protections that are already in place to ensure responsible forestry, mining, and oil and gas development on public lands. Their actions also deprived many Americans – both present and future – of their livelihood from the economic benefits of public lands development opportunities.

People involved in the Western natural resources industries recognize there are areas where modifications to existing regulations, or changes in the law, would be beneficial. However, the Clinton administration received more political benefit by using Western resource industries as a “whipping boy” to please special interest groups who are against all reasonable development on public lands, rather than seeking meaningful reform.

The uncertainty in the ability to use the public lands for natural resource development created by the Clinton administration’s ill-conceived regulatory changes now requires the Bush administration to undo many of these shortsighted policies. One wonders how much better off the nation would have been if the Clinton administration’s approach towards the public lands had, over the past eight years, been more constructive and balanced. Would California and the West be experiencing an energy crisis that promises to get worse before it gets better?

During the early months of the new Bush Administration we have already seen several initiatives to begin to restore the multiple-use concept to public lands, including the proposal to suspend the revised BLM Section 3809 surface management regulations, the U.S. reversal on the Kyoto climate change treaty, the setting aside of the proposed more-stringent arsenic drinking water standard, and the calls for more energy development on public lands. With the recent decision on NEPA violations by the Forest Service’s “roadless” management plan, the federal courts have agreed that the Clinton policy exceeded the law on that occasion.

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Vol. 107, No. 3

© 2001

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(Published six times a year)

President's Message ...

Pat Gochnour, Gochnour & Associates, Inc.

Confronting New Challenges

Dear Fellow NWMA Members and Friends:

Wow, what a first quarter it has been as your new President. I have been busy learning the intricacies of the Association and implementing the goals that were presented to you at last year's Annual Meeting. Some are moving along faster than others.

One that we are particularly proud of is our effort to maintain fiscal responsibility. The staff, Executive Committee, and Trustee's have taken a hard look at our projected income and expenditures. The result of this review is a leaner and meaner organization that is trying to find ways to do as much with less.

Laura Skaer and I attended the National Mining Association board meeting in March, which included a "Congressional Fly-in" to lobby Congress of the need for a "Reasonable, Responsible National Energy Policy." We were paired with individuals from the energy sector and the manufacturing sector.

At first, I was a little skeptical of what we (NWMA) could bring to the table on this discussion. I envisioned the discussion to center around the need for development of energy minerals.

However, it became very clear in discussions with congressional members and their staffs that lost jobs, as well as threatened and/or forced shutdowns of mining operations due to high energy costs, were impacting many different types of mines throughout the country. I believe this effort also showed that we (NWMA) are "Team Players." I am hopeful that it will return dividends when we need help on issues affecting the majority of our Association's members and companies (i.e., 3809 regulations, responsible Mining Law reform, public land issues, etc.).

The recent fresh air blowing out of Washington DC represents a nice departure from the last eight years that we have endured as an industry. The Administration's decisions to review the Forest Service Roadless Initiative and Babbitt's 3809 regulations represent some real opportunities for all of us. We must remain vigilant on these matters, as they only represent opportunities.

We have to resist the urge to become complacent, as these recent decisions will only serve to fuel the fires (and fund raising capabilities) of environmental organizations opposed to mining.

Next, I want to touch briefly on the membership of our organization. Each year, the new President of NWMA makes an impassioned plea for new members and more revenues. Last year our Corporate Membership rose to the occasion by increasing their financial support of NWMA. For this we are very thankful. Now we must concentrate on the other half of the equation, our numbers.

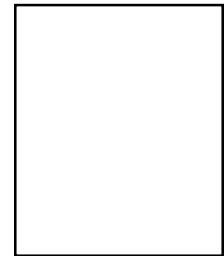
We currently have an individual membership of approximately 2,200 individuals in 42 states, 9 Canadian provinces or territories, and 15 different countries. These numbers are what make our voice heard on mining related issues. I realize the ability to sustain, let alone increase membership, has become more and more difficult as we experience mergers and consolidation, layoffs, forced shutdowns, and orderly mine closures.

Therefore, we must look to new ways to increase membership. One way to do so is to look outside of our immediate industry circle. I ask each of you to take a look at other opportunities for increasing our membership and clout by soliciting customers, vendors, suppliers, family members and friends – anyone with an interest in mining – to join our organization.

The metals and minerals that our industry provides makes every one of our lives more livable, safe and enjoyable. Please take the effort to make our organization stronger and our voices heard

As I look at the activities that we are currently involved with, I can't help but reflect back 20 years ago when I joined the organization. Fresh out of school, I actively participated in the Annual Convention and associated exploration, development, permitting, and environmental issues. These efforts were done on primarily the state and local levels. During the years, our efforts and focus have evolved, as our industry has, into a more broader global perspective. In addition to our local (state) perspective, we are daily dealing with federal (environmental and public land) issues, and our efforts don't stop there. Our members are also dealing with international issues (i.e., investment focus, exploration opportunities, and environmental principals).

So why the reflection? Because the Board of Trustees is seeking your input on the possibility of a name change to our organization (see article on page 3). Your voice in this matter (pro or con) will determine our course of action. I hope you will take the time to actively participate in the direction of your organization.*



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Is It Time for a Name Change?

by Mike Heywood, Chairman, Name Change Committee

During the meeting of the Board of Trustees held in Denver on May 11, 2001, the concept of changing the name of the Northwest Mining Association was explored. As many of you know, the idea of changing the name has arisen periodically over the years, but has been dismissed for various reasons. This time however, the idea was thought to have such far reaching strategic consequences, that the Board felt the full membership should be invited to join in the discussion. To that end, ALL points of view are solicited and welcome.

Why is this topic being broached again? Your Association currently lends assistance to its members wherever they work across the USA, Canada, and, indeed, around the world. Even though we still have a strong presence in our original charter states and provinces, our membership now resides in 42 states, 9 Canadian provinces or territories and 15 other countries. Over the last few years, when we exhibit at other shows (SME, MINExpo, PDAC, Round-UP), more and more attendees ask us “why do you call yourselves the Northwest Mining Association?” We have received so many inquiries from potential new members and exhibitors that we now have a sign on our booth that declares “the only thing Northwest about us is our name.”

Of course, there are many points of view, pro and con, regarding this issue, some of which have already been heard by the Board. However, before proceeding any further, they wish to gain a sense of what you, the membership, think. Should it be determined, in the future, that a change of name is in order, the full membership would have the opportunity and right (and indeed the responsibility) to vote on whether the name should be changed and, if so, what that new name should be. Therefore, the Board is also interested in hearing your thoughts on a possible new name, should your opinion be so inclined.

It is important that we hear from you, as the Northwest Mining Association is an organization devoted to the needs of the members. For 106 years, we have evolved and survived by listening to the views of our members and helping them meet the challenges of the day. The Association wants to remain the most effective voice possible for the mining community. Your input now will help the Trustees decide if a name change would either hinder or help advance our collective purposes.

NWMA President Pat Gochmour has established a Name Change Committee to co-ordinate the process and report back to the Board on the wishes of the membership. Please send your comments to Mike Heywood by e-mail to mikeheywood@hotmail.com, indicating in the subject field that the message is related to the ‘name change,’ or by fax to (303) 606-0862.

All thoughts and opinions received will be conveyed to the Board of Trustees at the next meeting scheduled for August 3, in Salt Lake City. However, if at all possible, please send your comments in by June 30, 2001, in order to give the committee a chance to properly consider all responses.

The Board of Trustees will update the membership on this issue through the *Bulletin*. Thank you for assisting in this process. *

Chickens, Eggs and the BANANA Syndrome

by Mark Pfau

During a group discussion at the Geological Society of America symposium in Reno last October, Noel White pointed out that most Americans don’t know that eggs come from a chicken; clearly in reference to the fact that most people don’t understand where the products they own originate. Whether or not Americans know where eggs actually come from does not matter - the fact is that most Americans simply do not care ... as long as they get eggs, that is. They have succumbed to the *NIMBY* (not in my back yard) and *BANANA* (build absolutely nothing anywhere near anything) syndromes; but as the power crisis in California has clearly shown us, the chickens eventually will come home to roost. This is the disappointing legacy of 30 years of American environmental activism.

Patrick Moore described environmentalism and where it is going quite accurately in an article published by NWMA in May 1997. Environmentalism has become a bigoted and an increasingly anarchistic movement that clearly sees itself above the law and beyond scientific and economic scrutiny. It is a propagandist left-wing religious movement.

What environmentalism is today

So far though, I’m preaching to the church choir. And what is the real thesis of my commentary, you may ask? It is this: Environmentalism is no longer an ideology that serves people – it has morphed into a cancer that has infected much of the American population with a self-destruct attitude towards resource development. Our approach to resource industry health needs to be as methodical as that of treating a disease, and what the mining industry does in the next four years will determine our fate for the next forty years.

Consider how a biological cancer works. It starts from the uncontrolled growth of mutated cells, either genetically or environmentally transformed, and spreads through the body infecting the host’s physiology. A cancer “tricks” the body into accepting that nothing is wrong until it finally takes over and kills the host, which is why cancer goes undetected for so long. The host cannot negotiate or compromise with the cancer: either the cancer kills the host, goes into remission, or the host kills the cancer. In this regard, environmentalism has become the social and political cancer of our time, and the real challenge with which the mining industry must deal.

Concerning this analogy, mining is a genetically vulnerable industry. By its very nature, mining creates environmental disturbances, exposes potentially toxic chemicals, and produces a raw product of usually low unit value. Mining then, is an easy target for

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the cancer of environmentalism. Regardless of how exemplary our environmental record becomes in the future, we are infected because we have not taken the serious steps necessary to maintain our health, in spite of 25 years of internal rhetoric. The metastasized cancer is spreading, and internationally, too. In this form, a diagnosis of “environmental imperialism” is called for.

We are to blame

Unfortunately, here is nobody to blame but ourselves for the environmentalist excesses of former Interior Secretary Bruce Babbitt and the Clinton-Gore administration. However, let us not delude ourselves into thinking that the cancer will go into remission because of the new administration. It will not. In fact, the treatment must be even more aggressive, because unless we quickly begin to take the technical, social, financial, and political treatments that the industry needs, the prognosis will be grim indeed. The difficulty is that the mining industry is not in a position to rely on “faith healers.” If we continue to believe our own rhetoric and approach mining law and other critical issues as we have, the cancer will win.

We are all well aware of the technical needs of the industry, as they are the easiest to identify. We need a paradigm shift in the design of tailings impoundments, leach pads, metallurgical recovery, and treatment of potentially toxic elements. The era of huge open pit mines for low-grade gold deposits is all but over. The sooner the industry focuses on large, high-grade underground targets, the sooner the reserves, shareholders, and companies will recover. So why are university earth science departments struggling for research funding, and why are career explorationists looking at other work options?

Two social changes

The social changes needed are twofold, and will be difficult for us. Engineers and scientists are, by nature, more comfortable with technical issues than we are with social and political issues. We defend ourselves aggressively, but seldom take the offensive against our detractors. Regardless of how one feels about the tobacco and firearms industries, you have to admire their ability to persevere in the face of enormous public pressure and propaganda. They do it by taking the media offensive, and the legal high ground.

We pat ourselves on the back for defeating the anti-cyanide initiative in Colorado, but have not asked ourselves why the insanity got started in the first place. Industry response was deafening by its silence when the anti-cyanide issue first reared its head in Montana, and before that the issue was defeated in Oregon, largely by the lobbying efforts of one company. Cyanide will remain a state-by-state disease because we continue to defend our health only when stricken, only when attacked.

After the Montana cyanide debacle, a contingent of mining people, including myself, tried to finance a series of focus groups to learn what was on people’s minds about mining in Montana and how we could change attitudes. There was no interest from the mining industry in learning the public’s perceptions of the mining industry and how to initiate change. I guess it was just too easy to just not do business in Montana, hoping that the cancer would not spread. But it did. Too easy to go overseas to establish operations, not thinking that the cancer has spread to

the legal profession, financial regulators, media, and U.S.-trained foreign bureaucrats that serve in the international arena.

Part of the cure is for the mining industry to present its successes to the public in a continuous and credible manner, and take the legal, political, and social offensive by using the media against our enemies, or our enemies will continue to decimate us. Environmentalism’s attacks on the mining industry know no moral or ethical boundaries, because for too long we have preached to the church choir, while ignoring all other choirs. The gold mining industry and the Yukon government’s IMAX film production of “Gold Fever,” is the best step forward I’ve seen in years, and its supporters are to be highly commended. Remember, the public doesn’t care if eggs come from a chicken, or that minerals for computer components were mined from an open pit.

The second social component of the treatment is the role played by industry employees and suppliers. Mining, and particularly minerals exploration, offer the most exciting careers in the world. But excitement alone does not cut it any more. People want to live and work in an industry that seems to have a viable future. Until people can stop worrying about unending layoffs and other cut backs, motivating people to stand up for the mining industry is going to be difficult.

Nevertheless, political activism should be the second trade of every miner, geologist, engineer and executive in our business. Mining’s roots are inexorably tied to rural America and all other commodity-based businesses. The rift between rural and urban America is growing tremendously. Washington State showed us this during the last election, when a dot.com millionaire challenger defeated Slade Gordon by the majority vote of the five counties around Seattle, out of 34 counties in the state.

Financial restructuring is imperative

Also, true financial restructuring in the mining industry is imperative. Cutting costs by increasing production is not cutting costs at all, and buying companies to increase reserves doesn’t really increase reserves. The more oversupply of metals, the lower the price of metals. Analysts should have had this vicious cycle figured out by now. Learning to cut “organic” or real costs is the key to improving profitability. With real profitability will come real cash flow, followed by real outside investment.

No longer can the mining industry afford to be a safe-haven play for investors during economic turmoil and inflation. If the industry wants new public investment, then the mining industry needs to return to being cash-or stock-dividend-paying companies.

In advising investors how to value company management against standard business norms, Robert Kiyosaki, in his interesting book *Guide to Investing*, warns investors; “Don’t try teaching pigs to sing. It’s a waste of your time and it annoys the pigs.” If the industry will not improve its financial house, investors certainly are not going to teach us; they will simply take their money elsewhere.

The mining industry needs to direct its vocal and financial support to defeating the cancer everywhere it raises its contagious head. We should not only be giving full thanks for NWMA’s work against the Interior Department the past eight years, but full support to grassroots organizations like the League of Rural Voters.

But I have yet to see mining throw its published support behind oil exploration in the ANWR. Should we expect *quid pro quo* support from other industries? Not necessarily. Other targeted industries are as fragmented as we are. The time has come to lead; following and getting out of the way have failed to work for mining.

During the last election, democratic candidates in Montana did not seek endorsements from environmental groups, largely due to a grassroots campaign to discredit those groups. When the League of Conservation Voters marketed an absolutely slanderous and moronic propaganda campaign against Senator Conrad Burns, without even endorsing his democratic challenger, the challenger lost the election.

Local activism works wonders

Local activism can work wonders on public opinion. Every time the liberal media espouses environmentalism's demagoguery, mining people must not only set the record straight, but they must teach people about the big picture and the "hidden green agenda." The public does not know that activist groups are largely financed by liberal interest foundations, such as the Ted Turner Foundation, the Bullitt Foundation, and the Pew Charitable Trust, which was founded by the non-working heirs of the Sun Oil fortune.

Bruce Babbitt and Mike Dombeck are not gone either. Babbitt is now on the board of directors of the World Wildlife Fund, and Dombeck can be expected to assist other activist groups. We in mining need to make their presence a political liability for environmental groups. We can do this by calling up their chicanery and hubris as reflecting environmentalism's misguided ideology, and how dangerous it is for our country's health. How can activist groups claim any moral or ethical credibility with people like these on their boards of directors?

The U.S. mining industry has been given a four-year extension on life with the election of the Bush administration. We have four years to defeat the cancer, four years to regain our health. We will not accomplish this by doing business as usual, and we can no longer place the blame on politicians. At the beginning of the second millennium, the mining industry, one of the worlds oldest and most necessary, needs more of an overhaul than any other industry in the world. Our lives depend on it. Are we up to the challenge? Are we ready to seize the day? The future is now

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Please help us update our records...

In an effort to cut down on costs, we are trying to update our membership records. E-mail and fax are the fastest way to communicate with our members, and having correct mailing addresses eliminates return postage costs and ensures that you receive the *Bulletin*, convention brochures and Service Directory. If you have changed any of these recently or are unsure if we have correct information please contact Mary Rost at (509) 624-1158, or Fax (509) 623-1241, or by E-mail: mrost@nwma.org with your information. We will check it against our data base and make the necessary corrections. Thank you.

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It is imperative that the American people realize that these policy reversals by the Bush team are not actions of an anti-environmental administration, but balanced decisions necessary to reverse eight years of zealous disregard of the existing law towards the multiple-use of the public lands, and a lack of a coherent national energy policy. And, as we all know in the mining sector, these reversals are essential if natural resource development can begin to flourish in the United States once again.

Now is the time for our natural resources industries to work collectively and fervently with the new Bush administration and the new Congress to put in place the necessary laws and regulations to ensure responsible use of public lands for natural resource development. This would include updating the Mining Law, revising the BLM Section 3809 regulations in accordance with the National Research Council's report, a review of the former Interior Solicitor's opinion regarding millsites, a balanced approach to energy development, and a rational approach to environmental protection. The important driving principle is to avoid simply doing the opposite of the Clinton administration in promoting "resource zeal," but to strive for balanced legislation and regulations that will ensure a responsible approach to multiple use of the public lands. Otherwise, the new dawn for mining and the opportunities for making essential reforms in our public land policies both will be squandered. *

Bosworth Named as New Forest Service Chief

The Bush administration has named Dale Bosworth, a University of Idaho graduate, as the new Chief of the U.S. Forest Service. Bosworth, with more than 35 years in the service, had been the Chief of the Northern Region in the USFS's Region 1 since 1997, where he oversaw 25 million acres of forests and national grasslands. Prior to 1997, he worked as a regional forester for the Intermountain Region, which includes 13 million acres in Idaho.

As Chief of the agency, Bosworth will oversee 192 million acres of national forests and 33,000 employees.

U.S. House of Representatives Resources Committee Chairman James V. Hansen praised the choice. "Bosworth's appointment signals a new direction for the USFS," he said. "His solid science background will return us to scientific and professional management of our forests, rather than the political management we've seen in recent years." *

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NWMA Supports BLM's Proposal to Suspend the Babbitt Regulations

In a 40-page comment letter filed on May 4, 2001, NWMA asked the BLM to permanently suspend the Babbitt 3809 regulations and reinstate the "generally effective" Andrus regulations (the pre-Babbitt 3809 regulations), but include any modifications required to implement the regulatory gap findings and recommendations of the National Academy of Sciences/National Research Council (NRC) report published in October 1999 entitled "Hardrock Mining on Federal Lands."

NWMA worked closely with the National Mining Association, the Alaska Miners Association, the Women's Mining Coalition, and the Colorado Mining Association in preparing a very strong set of industry comments. Thanks go to NWMA members **Debbie Struhsacker, Jim Butler, and Tim McCrum** for their contributions to our comments. A copy of NWMA's comments are available on our website.

NWMA pointed out that the Babbitt regulations were illegal and should be suspended. We emphasized that the Babbitt regulations, especially the "mine veto provision," violated the notice and comment provisions of the Administrative Procedure Act, and exceeded the Secretary of Interior's authority under the 1872 Mining Law and the Federal Land Policy and Management Act (FLPMA). NWMA's comments detailed how the Babbitt regulations violated an explicit congressional direction that prohibited former Secretary Babbitt from promulgating new or revised 43 CFR 3809 regulations, except to the extent those regulations were "not inconsistent with" the NRC report.

In addition to the mine veto provision, NWMA took exception to the new prescriptive performance standards, the new definition of "undue or unnecessary degradation," and the overall attempt by Secretary Babbitt and Solicitor Leshy to administratively amend the Mining Law.

NWMA strongly recommended that Interior not try to fix the Babbitt regulations. Rather, that DOI should suspend all of the new regulations and reinstate the prior regulations (the Andrus regulations) with any modifications necessary to implement the regulatory gap recommendations of the NRC report. NWMA's comments specifically addressed Notice level exploration and mining activities, bonding for all levels of activity above casual use, and suggested specific regulatory language that would implement the four regulatory gap recommendations of the NRC report.

NWMA also evaluated the non-regulatory recommendations of the NRC report and concluded that the Babbitt regulations would actually lead to less environmental protection, not more.

Currently there is a July 19, 2001 deadline for all existing operations to come into compliance with the new financial assurance requirements (43 CFR 3809.500, *et. seq.*). NWMA joined the Alaska Miners Association in requesting that BLM provide immediate relief to this provision prior to a final decision on suspension of the Babbitt regulations. We asked BLM to issue an interim final rule that would extend the deadline for compliance with the new financial assurance requirements to July 19, 2002. This would enable BLM to make a final decision on suspension

of the Babbitt regulations and reinstatement of the Andrus regulations without causing undue hardship.

Stop the distortion

The Mineral Policy Center was up to its usual tricks of using misinformation and distortion to foment public and political opposition to the BLM's proposal to suspend the Babbitt regulations. MPC created a website called "Stop the Rollback" opposing the suspension of the new 3809 regulations. Also, NWMA member **Debbie Struhsacker** penned a 2-page "Stop the Distortion" piece that countered the MPC position that was provided to members of Congress, the Department of Interior, and posted on the NWMA website. *

MineDepot.com Offers New Services

MineDepot.com, a year-old website that aspires to be "the premier online resource for the mining industry," now offers several services that anyone can use to help them save time and money. The site, www.minedepot.com, has 1) a Project Center, which helps streamline and manage the time-intensive process of procuring outside services, 2) an Employment Center, which allows both job seekers and employers to post their information, 3) a Shipping Center, which provides instantaneous quotes from multiple carriers, 4) a Supplies Center, which provides easy access to low-cost sources of products, and 5) a Resource Center that contains a range of mining-related tools and information.

More than 500 companies have registered to use these web-based services, and the site attracts nearly 10,000 unique visitors from more than 25 countries each month. *

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Recruit a New Member – Earn Free Convention Registration

NWMA is your Association. We exist for our members, and to represent our members' interests. Over the last four years, NWMA has become an extremely effective industry association on the political and legal fronts, as well as on the public education front. This is due in large part to our individual members who have rallied to support NWMA in our progressive, "one industry voice" efforts. And, we have accomplished our goals while remaining the "low-cost producer" among mining associations.

NWMA is in the unique position of being able to bring to the table grassroots support for mining because most of our members are individuals working in or for the mining industry. **Our strength is in our numbers.** By maintaining and increasing our numbers, we increase our political clout and our effectiveness on behalf of you and our industry.

Our goal is to double our individual membership by the end of this year. That's a tall order, but with your help we can do it. **We are asking each individual member to recruit at least one new member between now and the convention. And, every member who recruits at least five new members will receive free convention registration. And everyone who recruits at least five new members will be eligible for a drawing to receive a complimentary hotel room for one night at our 107th Annual Meeting in December.**

This is a win-win situation. You get to lower your cost of attending the convention, while at the same time increasing our effectiveness in influencing legislation and public policy affecting our industry by adding to our numbers.

Everything you need is on the NWMA website under the membership button. You will find a downloadable membership application in PDF format, 10 Reasons to Join NWMA, and a list of recent accomplishments.

We will publish the names of members qualifying for the drawing in future issues of the *Bulletin*.

On behalf of your Association, thank you. *

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ALASKA

Progress at True North

Kinross Gold Corporation has received permission from Alaska and the U.S. Army Corp of Engineers to proceed with the development of the True North gold deposit, located nine miles north of Kinross Gold's Fort Knox Mine.

Ore from the True North open pit operation will be processed at Fort Knox, with ore production is expected to begin this month, and full production expected at midyear. With the additional ore from True North, the Fort Knox operation is expected to increase its gold output to 450,000 ounces per year, up from 363,000 ounces in 2000. *

IDAHO

Two Silver Valley Mining Companies Settle

Coeur, The Precious Metals Company, and wholly-owned subsidiary Callahan Mining Company, have settled multimillion-dollar claims for pollution in the Coeur d'Alene River Basin of northern Idaho (which includes the Silver Valley), in a federal lawsuit over mine waste cleanup.

Their \$3.87 million agreement follows an earlier settlement by Sunshine Mining shortly before the trial began last January. Two other mining firms, **Hecla Mining Co.** and **Asarco, Inc.**, remain as defendants in the lawsuit.

The case, the largest Superfund lawsuit ever to go to trial, is seeking to hold the mining companies liable for their share of up to \$3 billion in cleanup costs to deal with a century's worth of contamination from historic mining operations in the Silver Valley.

Mining's foes in the case are the Coeur d'Alene Tribe and the federal government (including the EPA, the Department of Interior, and the U.S. Fish and Wildlife Service).

Terms of the settlement are as follows: Coeur will pay \$3,871,924 in cash and will deed an 80-acre site, the Burns-Yak property, to the U.S. to be used as a waste depository during cleanup efforts. Starting in five years, Coeur will pay a percentage of its mining revenues each year, up to a total of \$3 million over 15 years, whichever comes first. Coeur also will cleanup two additional sites, the Mineral Point and Calladay properties.

EPA Orders Reduction in Lead Discharges

The Environmental Protection Agency (EPA) wants three mines in the Silver Valley of Idaho to substantially reduce their already low lead discharges into the South Fork of the Coeur d'Alene River. The EPA issued new proposed wastewater permit standards for the Lucky Friday, Galena, and Coeur mines.

If enacted, the new permit levels would reduce the amount of lead and other heavy metals entering the river to nearly undetectable levels.

Due to a backlog of permits, this is the first time in 23 years that the EPA has updated wastewater discharge levels for the Lucky Friday, and the first time in 11 years for the Coeur and Galena mines. Yet, the EPA is supposed to update the permits every five years.

Federal officials said the new limits would improve the river for fish and other aquatic life, but the TMDL record shows that

current ambient lead and zinc levels will not be reduced significantly by the proposed changes.

Hecla Mining Co., operator of the Lucky Friday, has already asked state and federal officials for a variance on lead and zinc discharges. The mine presently empties about four pounds of lead per day in wastewater into the South Fork, and the new limits would reduce that amount to hundredths of a pound. Hecla estimated it would cost as much as \$4 million to build a treatment facility to meet the new standards, and another \$500,000 to \$750,000 annually to operate.

The Coeur and Galena mines, owned and operated by Coeur, The Precious Metals Company, would face similar metals reductions. *

MONTANA

MEPA Revision Passes House Committee

Montana Governor Judy Martz signed several bills that will revise the Montana Environmental Policy Act (MEPA). Supporters of HB 473 said it will make Montana appear open for business by making it quicker, easier and more predictable for companies to obtain permits to develop natural resources. Opponents argued that the bills weaken a key environmental law and that court challenges can be expected.

HB 473 allows the state to deny a permit only if it can prove that doing otherwise probably would violate laws, not because some effect may be undesirable.

State Senator Mike Taylor said the bill will mean a more robust economy, not a destroyed environment, as "Montana has plenty of laws for protecting air and water quality."

HB 459 limits the number of alternatives to an original project proposal that the state can consider when conducting an environmental review. In particular, it prevents the state from weighing a development option that is "economically unfeasible."

State Senator Lorents Grosfield said HB 459 is carefully designed and won't lead to a barrage of lawsuits. The bill will simply improve the process so permitting works as it should, without major hang-ups.

Also concerning mining, Montana passed SB 134, a bill that would give a tax break to coal companies selling coal to new power generation plants in Montana. The bill would reduce the coal severance tax from 15% to 5%, provided that 50% of the power was used in Montana.

Mine, Grizzlies to Coexist

The future of the **Sterling Mining Company's** Rock Creek Mine in northwestern Montana came down to whether the grizzly bear population in the Cabinet Mountains will be endangered by the presence of the mine. And, while the U.S. Fish and Wildlife Service believes there will be more human-bear confrontations and a shrinking bear habitat, the agency's biological opinion on the impact of the mine dictates measures to mitigate those impacts and allow the mine to proceed.

The long-awaited opinion by the Fish & Wildlife has cleared the way for the release of the mine's final environmental impact statement this summer. The U.S. Forest Service expects to make a decision on the proposed mine shortly thereafter.

The biological opinion specifies measures to be carried out by Sterling and the USFS to comply with the Endangered Species Act to prevent the loss of bears. The measures include:

- Sterling must secure a conservation easement on 2,350 acres of privately-owned bear habitat and deed it to the USFS for permanent habitat replacement
- Sterling must fund two new education and enforcement positions within the Montana Department of Fish, Wildlife & Parks to prevent grizzly kills by humans.
- Mine employees will be prevented from carrying firearms to and from the mine.
- Sterling must establish a \$7.66 million trust fund or bond to pay for the mitigation measures and grizzly research by the US F&W.

However, the cost of these measures is already included in the \$150 million cost of the mine's construction and development and does not alter the current economics.

Underground Mining Training Center Set for Butte

Rob McCulloch, a mining engineer with the Montana Bureau of Mines & Geology on the campus of Montana Tech in Butte, is the main impetus behind a plan to run an underground mining training center in that legendary mining town.

The idea for the Northwest Regional Mine Training and Research Facility is to use the abandoned Lexington Tunnel to teach students the basics of mining and mine safety.

The project is backed by \$1.6 million in federal funds that initially will be used to make the tunnel safe for the course. Additional funds will be needed to make the program fully operational.

According to McCulloch, no real hands-on training program exists for potential miners, a dangerous proposition, given the on-the-job hazards of the profession. The new training program

would, in effect, replace the old apprentice programs and allow the current generation of miners to pass on its knowledge and skills.

The training period is estimated to last 15 weeks, and the first session could be ready to begin before the end of 2001. The training program will employ 13 people, including 11 instructors, and will be able to teach from 60 to 70 students each semester.

The Lexington Tunnel had been mined for lead, silver and zinc for more than 100 years until the early 1990s, but the trainees will be drilling in unmineralized granite, which doesn't carry the environmental regulations and concerns as metal-rich rock. The tunnel is 400 feet below the surface and extends for about one mile. Electrical and air compressor capabilities are still intact in the tunnel, and much of the rail line is still operable. The Bureau will lease the tunnel from its present owner, The Ferry Lane Company.

Senator's Family Files Suit Against State

Family members of U.S. Senator Max Baucus (D-MT), have filed suit against the state over the ban of new silver and gold mines using cyanide processing technology. However, Senator Baucus has made it clear that he has no direct interests involved in the suit.

The Baucus family, owners of the Sieben Ranch that surrounds the McDonald gold mining property, contend that the 1998 voter-passed prohibition (I-137) on cyanide heap leaching of ore is unenforceable because it was improperly drafted. The family says the ban also denies them due process because it was instituted after they already had leased land to the **Canyon Resources Corporation** for the gold mining operation near Lincoln, Mont.

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It was estimated that the Baucus family could gain about \$9 million if the mining venture went through. The project was effectively killed when I-137 became law. Canyon projected mining \$1.5 billion in gold from the property.

In their lawsuit, the family noted that cyanide is the only economically feasible agent that could be used for leaching the gold from the rock, and that throughout the permitting process, Canyon had complied with all applicable state laws.

The Baucus family is asking that I-137 be declared invalid and that they be compensated in an amount to be determined at trial. Canyon Resources filed a similar action against the state of Montana in April 2000. *

NEVADA

South Pipeline Stay Appeal Rejected

The federal government's Interior Board of Land Appeals (IBLA) has rejected a request by environmental groups (Great Basin Mine Watch, the Western Shoshone Defense Project, and the Mineral Policy Center) that it halt Cortez Gold Mines' South Pipeline Project while an appeal is pending over the open pit operation in Crescent Valley. The mine can continue to operate while the appeal with IBLA is pending.

IBLA stated in its opinion that the Board disagrees that without a stay of operations, Cortez would cause irreparable harm to the environment. The opinion further cites Cortez's claims that a stay would have negative economic impacts on employees, Lander County and royalty holder **Royal Gold, Inc.** In its opinion, IBLA directs the BLM to address the issues presented in the case involving millsite ratios as well as other concerns brought by the environmental groups. *

OREGON

Miner Demands Money for Not Mining

A miner is seeking \$600 million from the U.S. Forest Service, claiming he must be compensated for being denied the right to develop nickel laterite ore on his mining claims in the "sensitive" Rough and Ready Creek watershed of the Siskiyou National Forest near Cave Junction in southwestern Oregon.

The lawsuit, filed by Walt Freeman in U.S. Court of Federal Claims in Washington, D.C., claims his that rights as a property owner were violated. The \$600 million is based on the high-end estimates of the value of the ore from 160 claims.

A Forest Service economic analysis had predicted Freeman would lose 58 cents on the dollar if he processed, as planned, 400,000 tons of laterite ore for nickel over 10 years. However, that analysis appears seriously flawed, as it is based on the use of helicopters rather than trucks to haul the ore from the mine site, a requirement arbitrarily placed on Freeman by the Forest Service. The ore would be mined from four open pits covering a total of 35 acres.

The Rough and Ready Creek watershed is home to several rare plants associated with serpentine-rich soils, as well as such fish species as salmon and steelhead. Environmentalists were predictably outraged that Freeman had filed suit.

In 1999, the Siskiyou National Forest decided Freeman would have to prove he could mine the ore economically before being granted permission to develop the property.

The Forest Service has an obligation to protect rare plants and animals, but the 1872 Mining Law generally requires the agency

to allow mineral development on federal lands, subject to reasonable regulation. The agency often attempts to use such an "economic test" to invalidate claims in withdrawn areas when they want to prevent a mine from going forward and don't have any legal way of doing so. According to Freeman's attorney, the legal question is not whether the Forest Service was correct in its handling of the case, but whether Freeman's property rights were violated by the federal government. *

SOUTH DAKOTA

Underground Gold Research Lab

The South Dakota Legislature has given its initial endorsement for a plan to turn the **Homestake Mining Company** gold mine in Lead into a world-class research laboratory. State and local officials are pitching the 125-year-old mine as a place for physics research, and the National Science Foundation is interested.

South Dakota School of Mines and Technology President Richard Gowan said that after the Dec. 31, 2001 closing of the 8,000-foot-deep mine, with financial backing from the National Science Foundation, several stopes in the mine could be used as laboratories. *

WASHINGTON

Crown Jewel Still Alive

A hearing could be scheduled as early as September 2001 to address **Battle Mountain Gold Company's** appeal of Washington's Pollution Control Hearings Board's rejection of a water quality permit for the planned Crown Jewel gold mine in Okanogan County. The wheels of justice grind slowly.

The company appealed a January 2000 ruling by the PCHB that rejected water quality permits that had been approved by the state's Department of Ecology. Without this permit, mine construction cannot proceed.

Battle Mountain Gold, acquired last year by **Newmont Mining Co.**, reported that it had spent more than \$80 million over the last decade to obtain permits needed for the mine. The three-member pollution control board ruled that planned pollution mitigation efforts contained too much uncertainty to assure protection of area waterways. The company sued in Okanogan Superior Court, contending that the decision was not supported by scientific evidence and is legally inconsistent.

The water quality permit approved last year contained an aquatic-resources mitigation plan for improving wetlands and stream corridors to make up for areas damaged by mining operations. It would also require that several hundred acres be set aside for fish and wildlife habitat. *

WYOMING

Gold Found in Southern Wyoming

An unusually large amount of gold has been found on Centennial Ridge in the Medicine Bow Mountains, according to the Wyoming State Geological Survey. One of the samples contained an estimated 6.9 ounces of gold per metric ton, one of the highest figures obtained by the survey over the last 20 years, according to W. Dan Hausel, senior economic geologist with the WSGS. Centennial Ridge became well known throughout the West in 1876 following the discovery of the Centennial Lode at the base of the ridge. *

COMMITTEE REPORTS

FEDERAL ENVIRONMENTAL ISSUES

Co-Chair: Luke Russell, Environmental Consultant
208/762-0327

Co-Chair: Jerry Danni, Kinross Gold Corp.
801/320-1041

TRI Definitions Redefined ... Maybe

It appeared that the mining industry had won a considerable victory on January 16, when the federal district court in Denver ruled that EPA's Toxic Release Inventory (TRI) definitions of "manufacture" and "process" *did not apply* to the extraction and beneficiation of ores and minerals.

Ruling on a 1997 petition filed by the National Mining Association (along with the Colorado Mining Association, **AngloGold Ltd.** and **Echo Bay Minerals Co.** in the *NMA et al v. Browner* case) the court set aside those EPA definitions and prohibited the agency from enforcing those definitions on extraction and beneficiation activities.

The ruling also struck down a prior EPA ruling that held that uneconomic rock removed to expose ore was required to be part of a mining company's public statement concerning the release of potentially toxic materials from mining operations.

The court found that because waste rock was not subject to the mineral extracting process, it was exempt from TRI reporting requirements.

However, the court's January 16 opinion did uphold EPA's authority to impose the TRI reporting requirements for potentially toxic wastes produced from processing concentrates or extracting coal from the land.

Nevertheless, the opinion was considered a major victory for the mining industry, which critics like the Mineral Policy Center had termed the "largest polluter in the nation" based on last year's official TRI figures. By NMA estimates, upwards of 95% of what the industry had been reporting was ordinary rock.

Then on March 30, a U.S. District Court's Clarification Order significantly modified the January 16 decision. It seems that in the January 16 order, the term "manufacture," which *included* extraction and beneficiation of ore, was too broad and outside the scope of issues presented before the court at that time, when it said that EPA *could not* apply the TRI definition of "manufacture" to extraction and beneficiation activities.

Furthermore, nowhere in the January 16 order did the court even address the issue of whether the term "manufacture" included "extraction" and "beneficiation."

The District Court's March 30 decision did reaffirm the January 16 ruling that naturally-occurring, undisturbed ores and minerals are not "manufactured" for TRI reporting purposes. That decision also reaffirmed as invalid the EPA's application of the TRI definition of "processing" to include "extraction" and "beneficiation."

But the March 30 order leaves open the question of whether, or under what circumstances, extraction and beneficiation of naturally-occurring ores might constitute TRI's definition of "manufacture."

In the Court's opinion, it [the court] *does not need to resolve* the question of "extraction" and "beneficiation" falling within the definition of "manufacture" to hold that naturally-occurring, undisturbed ores do not fall within the definition of "manufacture."

The question still remains: Where do TRI reporting requirements start? All that can be said is that it apparently does not begin with the exposure of the ore by removing uneconomic rock from above, as previously held by the EPA. But once the ore leaves the mine, the answer is still open to speculation. *

EPA Arsenic Rule Comments Submitted

As part of the process to reconsider the Arsenic standards adopted by EPA in the waning days of the Clinton administration, the Bush administration proposed to set-aside the new, then begin work to adopt a revised standard. In response, NWMA submitted comments urging a more realistic standard, pointing out that there was actually no compelling scientific evidence to change the current acceptable level of 50 ppb.

The major fatal flaw in the Clinton era rule is the basic underlying assumption that the new 10 ppb standard is based on; i.e., that the program goal should be *zero ppb* of arsenic in drinking water. This is a flaw because it completely disregards the fact that arsenic is commonly found in the natural environment, including many foods, often at levels significantly higher than the standard used for five decades.

Thus, EPA was once again tilting at windmills when it proposed the 10 ppb level, because people will still ingest various forms of arsenic everyday without harm as a normal part of life. What does need to be considered is the form of arsenic, as many organic forms have a very low toxicity compared to elemental forms. In fact, at least one study has found that arsenic may even be an essential nutrient at very low levels. This is not to deny the well documented toxic effects, but it does illustrate the folly of attempting to impose regulations that would find nature in noncompliance.

Though the revised final standard must consider all comments and a re-evaluation of the available science, it is known that the Bush administration is looking at lowering the standard by half, to 20-25 ppb. Such a standard would certainly provide an extra large margin of safety, yet would significantly reduce compliance costs, which could be an onerous burden, especially on community water systems and small businesses.

Though the mining community has closely tracked the new arsenic standard issue, and submitted copious comments, this really isn't primarily a mining issue. In fact, just the opposite. It is water providers, big and small, who will be most heavily, and immediately, affected. Nonetheless, there is a concern that drastically lower drinking water quality standards for arsenic could have a significant effect on discharge permit treatment standards, among others. We will continue to follow this topic and keep our members updated. *

NWMA MEMBERS

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Court Rejects Flawed ESA Economic Impact Studies

In a decision of potentially paramount consequences, the tenth circuit court of appeals has specifically rejected the U.S. Fish and Wildlife Service's (USFWS) "incremental baseline approach" to analyzing the economic impacts of a critical habitat designation (CHD) under the Endangered Species Act (ESA). The ESA requires the USFWS or National Marine Fishery Service (NMFS) to designate critical habitat for every listed species. As part of the CHD, the responsible agency must evaluate the economic effects of the designation. Currently, the USFWS uses an "incremental baseline approach." The economic baseline is created as a result of the listing. The agency often concludes that most of the prohibitions, and consequently, the economic impacts, occur as a result of the listing. Therefore, concludes the agency, the CHD has little, if any, additional economic impact. This is an obvious "Catch 22," because ESA prohibits the responsible federal agency from considering economic impacts as part of its listing determination. The agency can rely only on biological information pertaining to the viability of the population.

The case is *New Mexico Cattle Growers Association, et al v. USFWS, et al*, case number 00-2050. The species in question was the Southwestern Willow Flycatcher in New Mexico. In the final CHD, the USFWS concluded that "Critical habitat designation will...result in no additional protection for the flycatcher, nor have any additional economic effects beyond those that have been caused by the listing..." The 10th circuit ruled that "[T]he statutory language is plain requiring some kind of consideration of the economic impact in the CHD phase. The baseline approach to economic analysis...is expressly rejected." The court set aside the flycatcher designation and directed the USFWS to issue a new critical habitat designation that includes a valid economic impacts analysis.

Ironically, the 10th circuit has told USFWS that it must consider the cumulative impacts of its actions, not just the CHD increment. If this sounds familiar, it is because this is the message sent to the USFS or BLM by USFWS when they are evaluating habitat impacts from a single project. *

MINE HEALTH & SAFETY

Chair: Ms. Michael Coffey, Montana Bur of Mines & Geology 406/496-4687

Committee has New Chair

The committee has a new chair, **Ms. Michael Coffey**, Chief of the Montana Bureau of Mines & Geology. **Dale Avery**, past committee chair, is still a committee member and will act as liaison on NIOSH matters. Michael also will chair the regular health and safety session at the annual meeting. Members interested in presenting a paper, or participating in committee activities, should contact Michael. Her Email address is mcoffey@mtech.edu. *

New MSHA Requirements

MSHA Part 46 safety and training requirements for sand, gravel and crushed rock producers went into effect on April 1. NMWA alerted members in Montana, Oregon, and Washington to workshops conducted by MSHA in March. As a result, a number of companies attended the workshops and came away better prepared.

If you operate such mines or quarries, **you should now be in compliance, as should any contractors that access mine sites.** MSHA has the authority to impose penalties for operations that are not in compliance, which is not what anyone wants.

One key fact that came out of the MSHA workshops is that operators will be held responsible for contractors that routinely access their site for whatever reason, as **operators are held strictly accountable for everything that happens to anyone that is working at their sites.** That accountability extends to meeting MSHA training requirements, not only for Part 46, but also for Part 62 - Hearing Conservation, that went into effect last September.

The new Part 46 rules can still be found on the MSHA web site at www.msha.gov, just click on the box near the top of the page entitled "Training makes a difference - Part 46 training."

Assisting in the effort to notify our members was **Ron McHaney**, with **McHaney and Associates**, who produce MSHA certified mine safety training materials. NWMA has offered to cooperate with such sister associations as Oregon Concrete and Aggregate Producers Association (OCAPA) and Washington Aggregates and Concrete Producers Association (WACA) to do follow-up workshop training sessions. Members with questions on this issue should call Ivan Urnovitz at the NWMA office, or contact Ron via e-mail at ron@mchaney.nxlkhost.com or by calling him at 509/468-1575 in Spokane. *

The China Connection

Despite the current political situation, our China connection is growing as organizations from that nation are seeking increased information from NWMA on worker health and safety for their miners.

The Association is working closely with NIOSH and safety equipment suppliers on these requests. If your company or organization has a desire to be involved in this arena, please contact NWMA staff member Ivan Urnovitz by calling 509/624-1158, or you may Email him at ivanu@nwma.org. *

PUBLIC LANDS

Chair: Chuck Jeannes, Glamis Gold, Inc. 775/827-4600

Judge Says USFS Violated NEPA

In response to lawsuits brought before the U.S. District Court in Boise, Idaho, Judge Edward Lodge called the decision on the Clinton administration's so-called "roadless" plan "hurried," and said that the U.S. Forest Service was not well informed enough to present a coherent proposal or meaningful dialogue on the subject. The pushing through of this illegally-flawed plan during the waning days of the previous administration, which would place 58 million acres off limits to logging, mining and other economic development, was characterized by Lodge as "Justice hurried on a proposal of this magnitude is justice denied."

This statement vindicated many who began fighting the "roadless" proposal when it was first announced in 1999. The lawsuits were brought by the State of Idaho and a coalition of plaintiffs, including the Boise Cascade Corporation, snowmobile advocates, the Kootenai Tribe, two mountain counties in Idaho, and Idaho rancher Brad Little.

The state and the coalition contend that federal officials did not ask for enough public involvement, offering only a two-

month comment period on a document 700 pages long and involving about 2% of the nation's land mass, including 9.3 million acres in Idaho, about 17% of the state's land.

The judge added that the Forest Service's action clearly violated the National Environmental Protection Act (NEPA) because 1) the range of alternatives were inadequate, 2) the cumulative impacts analysis was deficient, and 3) the public participation and disclosure processes were "grossly inadequate" and "deprived the public of any meaningful dialogue or input."

However, Judge Lodge refused a request to immediately block the plan, saying that he would withhold a decision until reviewing a report from the Bush administration on the plan's status. *

How "Roadless Rule" Affects Energy & Mining

Between established wilderness (35 million acres not open to energy and mining leasing) and inventoried roadless areas (58.5 million acres), 49% of the national forest system lands will not be available for development of energy resources, if the Clinton Administration proposals are not modified.

On the roadless areas:

- 8 million acres have potential for oil and gas production.
- The Thrust Belt of Montana and Wyoming (21.5 million acres) includes the largest block of unexplored and lightly explored land onshore in the lower 48 states with known natural gas potential.

- Paonia coal field in Colorado has 54,000 acres of roadless area with up to 1.3 billion tons of air-quality-compliant coal.

- 873 million tons of Idaho phosphate will not be developed.

The issue driving roadless area conservation is the preservation of these areas as de facto wilderness. The Final Environmental Assessment for the National Forest System Road Management Strategy states that only 3% of all projected road construction and reconstruction involve energy and mineral development. To put this in perspective, if road construction and reconstruction were allowed for future energy and mineral leasing, only an additional 59 miles of road, or 130 acres of disturbance, would be built in roadless areas over a 5-year period. *

Clinton Monuments to Remain

Interior Secretary Gale Norton has indicated that the Bush administration will not seek to overturn any of former President Clinton's controversial monument designations, which closed off more than 3 million acres of federal land to mining development. Instead, Western lawmakers and citizens will fine-tune by adjusting boundaries, altering the regulations regarding economic use of the land, and encouraging changes as to how the monuments may be used regarding mineral and energy development. Although no final decision has been made, the administration so far has taken the position not to fight environmentalists over the issue so early in President Bush's term.

Despite early vows to review all regulatory and land designations made during Clinton's waning days in office, it is believed that the political climate in Washington would make a wholesale repeal of the land set-asides all but impossible. Norton indicated that as the former administration did not adequately address the wishes of the states and private landowners during the set-aside process, the Interior department could work with Congress and local officials to address critics' concerns in several areas, including land access and mine development. *

WASHINGTON STATE ISSUES

Chair: Dan Robertson, Battle Mountain Gold Co.
509/476-3144 ext. 11

Fees & Licenses

- The legislature is in session and the biennial budget is the primary focus. There are no significant mining-related bills coming out of the authorizing committees this year. However, the Department of Natural Resources (DNR) has asked for its authority to assess permitting fees to be renewed and the fee cap raised.

NWMA, after consulting with its members with permits in process, supported both continuing and raising the fees. The requested increases were reasonable and necessary for DNR to keep the program viable and avoid permitting delays.

The house and senate bills were tracking smoothly, but for unexplained reasons were not reported out of the rules committees for a floor vote in either chamber prior to the self-imposed bill cutoff date.

NWMA has contacted officials in Olympia and expressed our concern about this situation. If this means of funding is not restored, DNR will have to begin instituting program cutbacks starting this summer.

While few, if any, hardrock miners will be seriously affected immediately, this is still cause for concern. Any new, major hardrock permits would not be processed as quickly as before, and our members in the various industrial mineral sectors are likely to feel the impact fairly soon, due to the nature of their operations.

- Professional Geologist Licensing regulations currently are under development and due to go into effect July 1, 2001. NWMA member **Jennifer Leinart**, with **Western Mine Engineering**, was on the committee charged with helping get this new program up and running.

NWMA submitted comments on the preliminary draft and **Reese Hastings**, with **Pincock, Allen & Holt, Inc.**, and NWMA Secretary, testified at a hearing in Olympia on April 24. Unfortunately, the rules were adopted without any changes, and NWMA has learned that the public comment process was essentially a sham.

Thus the Association is highly concerned since the current language is vague and somewhat misleading as to who is and is not covered by the program. As a result, it appears that licensed engineers may no longer direct or practice certain long-accepted activities, and exploration geologists could be prevented from using the simple title of "geologists" without first obtaining a license to practice geology.

This is not at all what the legislature intended. The Association is exploring other remedies to correct these serious faults in the proposed program. However, **Reese** has been appointed to the permanent Geology Licensing Board, and we have been assured by the DOL staff that our concerns will be addressed. *

Quotable Quotes

"The extreme environmental community makes up in shrillness what they lack in common sense."

Senator Ben Nighthorse Campbell (R-CO)

NWMA Members in the News

Ta Li Heads SME

The membership of the Society for Mining, Metallurgy, and Exploration (SME) has elected **Ta M. Li** as its 2001 President. **Ta**, a mining engineer for 32 years and a specialist in the exploration and development of precious metals properties in Latin America, currently serves as marketing manager for Washington Group International, Inc., a contract mining firm. **Ta** is a past president of NWMA (1990). He also served NWMA as an officer from 1988-89, and was a trustee from 1986-88 and 1991-92. *

Yamana Announces Nevada Acquisition

Spokane-based **Yamana Resources, Inc.**, has reached an agreement to acquire Aladdin Sweepstake Consolidated Mining Company, a Nevada company owning a significant land position in the southern sector of the Carlin Trend gold belt of northern Nevada. The deal closed March 21 of this year.

The acquisition brings to Yamana a large land position in an area that has a long history of exploration and producing world-class gold mines. Total production and reserves on the Carlin Trend are estimated to exceed 110 million ounces of gold.

Central to the acquired Yamana properties is the historic Railroad Mining District, the site of at least 15 mines that produced significant amounts of silver, lead, zinc, copper and barite, which are close proximity to Newmont's Rain Mine. Limited exploration at Aladdin has identified at least one shallow oxidized gold deposit and a number of deeper, high-grade, structurally-controlled gold occurrences. *

Franco-Nevada Makes Swap for Ken Snyder

Franco-Nevada Mining Corp. has announced it will swap its stake in the Ken Snyder Mine, a high-grade, underground gold mine in northern Nevada for a share in Normandy Mining, Ltd., is a deal that doubles Franco-Nevada's annual gold production and makes it the largest shareholder of the Australian gold mining company. The deal signifies Franco's return to its roots as primarily a gold royalty company.

Under the terms of the agreement, Franco will take a 19.9% interest in Normandy for 100% of the Ken Snyder Mine and the surrounding Midas Exploration properties, as well as Franco's Australian interests. Franco will retain a minimum 5% net smelter royalty in the Ken Snyder Mine, which produces about 257,000 ounces of gold annually. *

Summo Purchases Part of Matrix Metals

Summo Minerals Corporation has announced the purchase of 48% of Matrix Metals Ltd., a producer of LME-grade cathode copper from the Mt. Cuthbert Mine in Australia. The mine, which has a current production rate of 5,500 metric tons of cathode, is ramping up to reach full capacity next year at an annual production rate of 12,000 to 15,000 metric tons annually. *

Hecla Finds Buyer for Clay Division

Hecla Mining Company found a buyer for its industrial clay division, The Kentucky-Tennessee Clay Co. Imerys USA Inc., a

branch of the French global minerals company, purchased Hecla's clay and feldspar assets for about \$62.5 million.

K-T Clay operates mines in the southeastern U.S. and Mexico, and is the nation's largest producer of ball clay. *

Snow Garners MII Award

Dr. Geoffrey G. Snow, a Partner at Barranca Resources, has been presented the Mineral Information Institute's Lamp of Knowledge Award, in recognition of his advocacy for, and commitment to, expanding the public's knowledge of, and appreciation for, the importance of the minerals exploration, mining and geologic industries.

The purpose of MII is to provide classroom teachers and students with information about the important role mineral and energy resources have in maintaining our standard of living.

Snow was a founding member of MII in 1980. During his time as MII's Chairman, the number of teachers requesting and receiving information about the importance of mineral and energy resources increased nearly 50-fold. *

Miners Help Preschoolers

Newmont Mining Co. and **Barrick Goldstrike Mines Inc.**, recently presented checks of \$2,000 each to the Family Resource Center of Northeastern Nevada for the "Classroom On Wheels" bus. The COW Bus, decorated to resemble a cow, brings a free preschool to eligible youngsters in the Elko area who don't qualify for the Head Start Program. *

Kinross to Sell Candelaria Mine

Kinross Gold Corp. will receive cash, stock and associated purchase warrants from Silver Standard Resources Inc., for the Candelaria silver mine near Hawthorne, Nevada. The deal is expected to close this spring.

Kinross is North America's fifth largest gold producer. Silver Standard is a silver resource company with projects in Argentina, Australia, Bolivia, Canada and the U.S. *

Phelps Dodge Announces Cutbacks

Phelps Dodge Corporation has announced it will take actions to reduce electricity-related costs at its U.S. mining operations, which has been adversely affected by the recent price volatility in electricity markets.

Phelps Dodge will decrease its copper production at Chino, N.M., through the end of the year, affecting 130 workers. The company also will curtail copper production at Tyrone, N.M., and Sierrita Bagdad in Arizona, and will cut back molybdenum production at the Henderson Mine in Colorado.

The cutbacks will reduce PD's 2001 copper production by 175 million pounds, and moly production will decrease by 7 million pounds. *

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• CALENDAR OF UPCOMING EVENTS •

2001 Elko Mining Expo, June 13 - 15, Elko, Nevada. Call 775/738-4091.

Wyoming Mining Association's Annual Convention, June 20-22, Casper, Wyoming. Call 307/635-0331 for details.

Earth System Processes, a global meeting sponsored by the Geological Society of America and the Geological Society of London, June 24-28, Edinburgh, Scotland. Website is www.geosociety.org.

97th Rocky Mountain Coal Mining Institute Annual Meeting, June 24-26, Steamboat Springs, Colorado. Call Karen Inzano at 303/948-3300 for details.

Oregon Concrete & Aggregate Producers Association 34th Annual Meeting, June 28-July 1, Gledon Beach, Oregon. Contact Alana Davenport at 503/588-2430 or by e-mail at alan@ocapa.net for details.

47th Annual Rocky Mountain Mineral Law Institute, July 19-21, Santa Fe, N.M. Call 303/321-8100 for more information.

Montana Coal Council's Annual Convention, July 23-25, Bigfork, Montana. Call 800/433-6516 for reservations at the Marina Cay Resort, or call 406/442-6223 for meeting information.

The 3rd International Conference on Intelligent Processing and Manufacturing of Materials, July 29-Aug. 3, Vancouver, B.C. Call 604/822-3984 for details. Website is www.mining.ubc.ca/ipmm.

32nd Annual Institute on Mining Health & Safety, Aug. 2-7, Salt Lake City, Utah. Conducted by University of Utah. Call 801/581-7198 for information or visit www.mines.utah.edu/institute.

10th Annual Minerals Education Conference, Aug. 7-11, Lexington, Kentucky. Call Guanita Caylor at 859/257-2820 for more details. www.mineralseducation.org.

"Mining & Clean Energy: Securing Our Future," Colorado Mining Association's 104th National Western Mining Conference, Sept. 4-7, at the Omni Interlocken Resort, Broomfield, Colo. Call 303/575-9199 for details.

EXTEMIN Peru XXV, Sept 1-14, Arequipa, Peru. For information of attending or exhibiting in the U.S. Pavilion at the Peruvian Mining Engineers Convention call 703/527-8000 or visit www.micexpos.com.

23rd Annual Nevada Mining Association's Annual Convention, Sept. 6-8, Lake Tahoe, Nevada. Call 775/829-2121 for details.

South Dakota Mining Association Annual Tour and Banquet, Sept. 19-21, Deadwood, SD. Call Dianna Miller at 605/332-3803 or by e-mail at sdma@dtgnet.com.

China Coal & Mining Expo 2001, Oct. 9-12, Beijing, China. For a brochure call 852/2881-5889, or e-mail info@together-expo.com, or visit <http://together-expo.com>.

2001 Mining Lawyers Conference, Oct. 18-20, key West, Florida. Hosted by National Mining Association. Call 202/463-2637.

Mining Indonesia Conference & Expo, Nov. 7-10, Kemayoran, Jakarta. Contact Marie Waters in London at +44 (0) 20 7862-2090 or visit www.montnet.com.

Boston 2001: A Geo-Odyssey, Nov. 1-10, Boston, Mass. Sponsored by the Geological Society of America. Call 800/472-1988 for details.

Alaska Miners Association 2001 Convention & Trade Show, Nov. 7 & 8, Anchorage, Alaska. Call 907/563-9229

Manitoba Mining & Minerals Convention 2001, Nov. 15-17, Winnipeg, Manitoba. Call 800/223-5215 for more information.

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