

BULLETIN

Northwest Mining Association

MAY 2003

In Memory of John Rishel

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NWMA is dedicating this issue of the *Bulletin* to a great friend, a great man, and a great American, John Rishel, who died on Friday, May 9, 2003 at a rehab facility in Baltimore, Maryland after undergoing six bypass heart surgery on April 30. Prior to going into the hospital for heart surgery, John had been hospitalized with pneumonia. NWMA Executive Director Laura Skaer was in Washington, DC during the week of May 5 and talked with John on Wednesday, May 7. "John was upbeat, energetic, and couldn't wait to get back to his job at the House Resources Committee. John's death is a real shock and a tragic loss of a great friend."

John worked for many years as a geologist before coming to the House Resources Committee in January 1995. Former NWMA President and Life Member, **Jami Fernette**, remembers meeting John in Alaska in 1976 or 1977 at WGM. Jami recalls that John's first project, for the Doyon Corporation, took him to interior Alaska to tromp around on Doyon's part of the 44 million acres that were to provide the natural resources for the future of native Alaskans. This was Congressman Don Young's country and John was always interested in political issues.

Jami recalls that in the late 1970's, John hosted the "JR Bar" in one of the ground floor offices of the WGM complex in Anchorage. Other exploration geologists working for WGM would contribute a few dollars for beer (Prinz Brau was the brew of choice in those days) consumed after work, while the geologists discussed their exploration minerals projects, Alaskan politics, and the massive land withdrawals from mineral lands for parks that might never be seen by any people except those who had walked the wilderness looking for nature's mineral wealth.

John was passionate about mining and exploration. He hated the Claim Maintenance Fee and believed it was one of the dumbest and most counter-productive pieces of legislation ever passed by Congress. The ignorance of bureaucrats and the lack of regard for the U.S. requirement for raw materials from mineral exploration and production frustrated John the most. Many have the passion for our industry that John had, but few have John's intellectual capacity to write about it, to speak about it, and then to join the ultimate fray in Washington, DC.

John was a fixture at NWMA Annual Meetings. He really enjoyed coming to Spokane in December and reuniting with many good friends he had met over the years and had tromped around with searching for mineral deposits. John was a strong advocate for our industry, one of the best friends this industry could ever have. **Earl Bennett**, Dean of the University of Idaho's College of Science (formerly College of Mines) knew John for more than 30 years. Earl remembers John's leadership in the Mining Law debates. John also was a leading advocate for utilizing suppliers and vendors to broaden mining's base of support in the Congress.

John's friends have described him as a great friend of freedom, a strong defender of mining, a man who did his best to maintain full employment in the brewing industry in the midst of a recession, one of the most loyal Washington Capitols fans in the world, a Paul Bunyan of a man -- gentle giant, kind soul, wise man, and indeed one of the true believers.

John, we love you, we miss you, and from the bottom of our hearts we thank you for being our friend. May God rest your soul.

John is survived by his brother Roger Rishel. If you wish to send him a card, the address is 1916 Rockland Avenue, Rockville, MD 20851-2210.



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Surety Alternative for the Mining Industry

While surety capacity for the mining industry continues to shrink, States are demanding greater financial certainty for closure/post closure obligations. To combat these demands, larger mining companies are pursuing a Mining Surety Reinsurance Program that requires a significant up front capital contribution. This paper outlines an alternative program for middle market mining organizations. The program utilizes a “Blended Finite Risk” environmental insurance solution with surety acting as the “front” in states where insurance is not an acceptable form of collateral.

Marsh proposes creating separate programs for each State requiring surety. The reason for separate programs stems from each states’ different surety rules. Insurance companies typically require at least \$5 million in future value remediation liabilities for finite risk programs. Since most middle market mining companies have obligations that fall below this threshold, the Blended Finite Risk Program contemplates combining several companies closure/post closure liabilities to accomplish the minimum amount required by the insurance company.

Why use a Blended Finite Risk Program? One of the primary benefits is the financial assurance that funds will be available for planned remediation. For example, the financial assurance may be required by a government agency. The certainty may help facilitate a merger or acquisition. Additionally, the funds may be part of a CERCLA PRP settlement.

In all cases, the insurer providing coverage would be a secure independent 3rd party. A Blended Finite Risk Program also provides a long-term solution – up to 30 years and in some select cases longer. The benefit to a state or the BLM is the removal of financial uncertainty. An insurance company writing the policy would have an AA or AAA balance sheet.

The hardening of surety markets coupled with the tightening of financial assurance requirements in many states have necessitated the posting of 100% collateral. This program substantially reduces these collateral requirements.

How does the program work? First a company develops the annual cash flows (in current dollars) for the remediation project. Next, inflate the annual cost estimates. Finally, calculate the net present value of this cash flow stream. Discount rates used in present value calculations are variable based on insurer and the current interest rate environment. These rates are typically consistent with AA or AAA corporate swap rates.

With this number, add expenses and risk transfer premiums. Expenses include the following: commission (typically 0.5-2% of premium or limits), reinsurance, federal excise tax and carrier expenses. Risk transfer premiums vary between 5 and 15 percent of risk transfer limit purchased. Below is an example of a long-term cleanup for three separate mines.

EXAMPLE:

Name	Years to Closure	Remediation Period		
Mine #1	15	8 years		
Mine #2	21	12 years		
Mine #3	30	15 years		

	<i>POOLED CLOSURE</i>	<i>MINE CLOSURE #1</i>	<i>MINE CLOSURE #2</i>	<i>MINE CLOSURE #3</i>
Cleanup Cost Estimate	\$5,225,000	\$1,375,000	\$800,000	\$3,050,000
Finite Risk Limit	\$5,225,000	\$1,375,000	\$800,000	\$3,050,000
PV ⁽¹⁾	\$2,579,337	\$906,879	\$452,175	\$1,220,284
Fixed Costs	\$188,382	\$63,852	\$32,427	\$92,103
Finite Risk Premium	\$2,767,719	\$970,731	\$484,601	\$1,312,387
Risk Transfer Limit	\$5,225,000	\$1,375,000	\$800,000	\$3,050,000
Risk Transfer Premium	\$522,500	\$137,500	\$80,000	\$305,000
Total Limits	\$10,450,000	\$2,750,000	\$1,600,000	\$6,100,000
Total Premium	\$3,290,219	\$1,108,231	\$564,601	\$1,617,387
Effective Cash Collateral Requirement	31.5%	40.3%	35.3%	26.5%

¹⁾ Based up-on the Bloomberg Fair Market AAA Yield Curve as of September 12, 2002.

As demonstrated in the table above, three mine closures are combined together to create the Blended Finite Risk Program for a total of \$5.225 million in total cleanup costs. The overall cost of the program would be \$3.290 million with a 31.5% effective cash collateral requirement. These mines could represent ownership by one, two or three companies. In each case, the Program includes the present value of the future closure/post closure obligations and a risk transfer component. The risk transfer is accomplished using environmental insurance so that additional monies are available if cleanup costs exceed the original estimates.

The Ledcor Group of Companies is First in Receiving Major Safety Awards in United States and Canada

NWMA corporate member, **Ledcor Industries**, was presented with the National U.S. Safety Award by the Associated Builders and Contractors, which recognizes excellence for companies exhibiting a firm commitment to safety through outstanding safety records and programs judged on a national basis. The Occupational Safety and Health Administration (OSHA) has recently recognized these awards as a benchmark standard for safety with a major new partnership with the Associated Builders and Contractors organization.

Ledcor Industries, Washington Region and Nevada Region, have received the Platinum Safety Award for the second year in a row by the Associated Builders and Contractors. In order to be eligible for Platinum status, the gold award must be won three years in a row.

In addition, Ledcor received the Gordon M. Vipond Memorial Award from the Canadian Construction Association at their 84th Annual Conference held in Phoenix, Arizona. Considered the top national safety award in Canada, it recognizes a company's commitment and achievement to workplace safety. Ledcor won the award as a direct result of the aggressive safety program in which 21 separate safety elements were recognized.

The Ledcor Group of Companies is the first construction organization to have achieved both of these national awards in the same year.

The Ledcor Group of Companies also received the first ever Young Worker Training Program Award, presented by both the Worker's Compensation Board and the Canadian Society of Safety Engineering at a conference on October 23, 2002 in Richmond, British Columbia.

The award is for Ledcor's new Workforce Employee Mentoring Program, designed to introduce new employees to the construction industry by providing direct quality instruction and supervision for the safe performance of their duties. This program allows time to ensure young workers establish good safety practices crucial to all of Ledcor's construction work sites throughout North America.

NWMA congratulates Ledcor on these outstanding achievements.

Bravo Resumes Exploration Activities; Appoints Paul Dircksen as President

Bravo Venture Group Inc., Vancouver, British Columbia, recently announced the appointment of NWMA Trustee **Paul E. Dircksen** to the Board of Directors and as President of the Company.

During his work history, Paul has been involved in the team recognition and exploration of eight gold resource discoveries, of which six have become operating mines and two may become future producing mines.

The company is continuing its due diligence review on a number of projects including several promising prospects introduced by Paul.

Northwest Mining Association Presents

Mining and Society: A Partnership into the Future

109th Annual Meeting, Exposition
and Short Courses
December 2-6, 2003
*Red Lion Hotel at the Park
Spokane, Washington*

Session Topics Include:

*Mineral Deposits,
Geology & Exploration; Business & Finance;
Operations;
Environmental &
Permitting;
Health & Safety;
Sustainable Development; Industrial Minerals,
and Legislative & Public Affairs*

Short Courses Topics Include:

*Belt Deposits of Western Montana
Permitting Pitfalls & Delays on Federal Lands*

Open Industry Briefings Include:

*Ore Pass Design Workshop
Mine Safety*

Exposition:

*Reserve your space today.
Contact Pat Nelsen for more information
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The only thing 'Northwest' about us is our name.

NWMA Annual Meeting Moving to the Inn at the Park

NWMA's 109th Annual Meeting & Exposition, *Mining and Society: A Partnership into the Future*, will be held from Tuesday, December 2 through Saturday, December 8 at the Red Lion at the Park Hotel, Spokane, Washington. Many of you will know the Red Lion by its former names, Cavanaugh's Inn at the Park or the WestCoast Grand Hotel at the Park.

Don Birak, VP of Exploration, **AngloGold N.A., Inc.** and **Opal Adams, Envirosientists, Inc.** are putting together an outstanding technical program that will focus on mineral deposits and geology, highlight junior sector company's, exploration and development projects in North America, excellence in mining operations, and innovations in reclamation.

In order to avoid requiring Short Course attendees to travel on the Sunday after Thanksgiving, the Short Courses will be held at the end of the convention beginning at 1:30 p.m. on Friday, December 5 and continuing through Saturday, December 6.

The Annual Meeting will begin on Tuesday with a Mine Safety Workshop at NIOSH hosted by NIOSH and the Colorado School of Mines, followed by the NIOSH Open Industry Briefing at the Hotel. On Tuesday evening, the Annual Awards Reception honoring NWMA's corporate members, life members, past presidents and award recipients will be held and will be open to all registered attendees.

The technical sessions will begin on Wednesday morning and run through Friday at noon. The Exposition will open Wednesday morning and run through Friday at 1:30 p.m. The Welcoming Reception will be held Wednesday evening in the exhibit halls and the Exposition will close with a complimentary beer and sandwich luncheon in the exhibit halls on Friday.

Some of the sessions which already have been confirmed include, a Society of Economic Geologists (SEG) Zinc Deposit Session chaired by **Eric Cheney**, University of Washington. Large Left Lateral Leaps will be chaired by Pete Drobeck, and Mining and Communities chaired by **Ann Carpenter**.

We also plan to capitalize on the success of last year's Growth Companies in America session chaired by **Steve Craig**. The session played to standing room only crowds and attendees' feedback was very positive. This year, we will feature the hottest exploration and development projects in North America and the juniors that own them.

We also are planning a session on Public Reporting and Corporate Governance issues including those raised by the recently passed Oxley Sarbanes Act. **Bill Gee, Behre Dolbear and Company** has tentatively agreed to chair this session.

On the operations side, we have two sessions that will feature case studies focusing on excellence in mining operations, and **Lyle Taylor, Geotemps**, will chair a session focusing on suppliers, their needs and issues. Also, **Roger Kauffman** and **Phil Nisbet** are chairing an Industrial Minerals session.

On the environmental front, two sessions will focus on innovations in reclamation, including one entitled, "Addressing the Legacies of the Past."

Sustainable Development continues to be a hot topic in the mining industry and NWMA will continue its leadership role in this area. Ann Carpenter is organizing a session on Mining and

Communities, to be held Thursday afternoon. Friday morning's Legislative Affairs session will be built around a panel discussion featuring legislators, key administration officials, and important industry players who will focus on the future of the U.S. mining industry and what legislative, regulatory and business reforms are necessary in order to have a viable domestic mining industry.

Two interesting and relevant short courses have been scheduled. One is a symposium on the Belt deposits of western Montana that will be chaired by **John Balla**. The symposium will be held offsite, at the Troy Mine complex in western Montana. Among the deposits to be studied are the Rock Creek deposit, Troy, and the Montanore project. The U.S. Forest Service Minerals and Geology Division will chair a short course entitled "Avoiding Permitting Pitfalls and Delays on Federal Land."

By moving to the Red Lion Inn at the Park, we will be able to accommodate more exhibitors (100) and have more and larger meeting room space. The meeting room setup is flexible enough to provide multiple meeting room space ranging from 50 seats to 300 seats, enabling us to accommodate everyone in each session.

The Red Lion is offering a very affordable room rate of \$88 and upon presentation of your government I.D., will match the government per diem.

Circle the dates on your calendar and plan now to attend NWMA's 109th Annual Meeting & Exposition.

Mining Energy Solutions Conference Slated for Elko

The Nevada office of Industries of the Future, the Nevada State Office of Energy, the Nevada Mining Association, the Department of Energy, Seattle Regional Office, and the Department of Energy, Mining Industries of the Future are sponsoring a Mining Energy Solutions Conference at the Elko Convention Center, Elko, Nevada on August 26-28, 2003. The conference will bring together leaders and innovators in mining, energy efficiency and energy supply. The conference will feature seminars led by industry experts who will present innovative mining technologies and energy solutions. For registration information or an exhibitor application, visit the website at www.oit.doe.gov/miningsolutions/ or call toll free 1-877-648-7967.

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MINING AND SOCIETY: A PARTNERSHIP INTO THE FUTURE - PRELIMINARY SCHEDULE

TUESDAY DECEMBER 2

Morning 8:00 - 11:00	Ore Pass Design Workshop - Spokane Research Laboratory <i>NIOSH/WMRC - Steve Iverson, Ros Hill, Ugur Ozbay</i>		
Afternoon 12:30 - 5:00	NIOSH/WMRC Open Industry Briefing - Mine Safety <i>Ros Hill, Tibor Rozgonyi</i>		<i>Trustee Meeting Time TBA</i>

2003 TECHNICAL SESSIONS

MINERAL DEPOSITS GEOLOGY & EXPLORATION	BUSINESS & FINANCE	OPERATIONS	LEGISLATIVE & PUBLIC AFFAIRS	ENVIRONMENTAL
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WEDNESDAY DECEMBER 3

Morning 8:30 - 11:00	State & Province Reports	Growth Companies in the Americas	Excellence in Operations I - Case Studies		
Afternoon 2:15 - 4:45	State & Province Reports <i>Continued from AM</i>	Growth Companies in the Americas <i>Continued from AM</i>	Suppliers - A Virtual Link <i>Lyle Taylor</i>		

THURSDAY DECEMBER 4

Morning 8:30 - 11:00	SEG - Zinc Deposits <i>Eric Cheney</i>	The Business of Exploration & Mining		Mining Communities <i>Ann Carpenter</i>	Innovations in Reclamation
Afternoon 2:15 - 4:45	Large Left Lateral Leaps <i>Pete Drobeck</i>	Public Reporting/ Corporate Governance <i>(Tentatively) Bill Gee</i>	Excellence in Operations II	Public Affairs - Challenges for Advocacy Groups	Addressing the Legacy of the Past

FRIDAY MORNING DECEMBER 5

Morning 8:30 - 11:00	Research & Industry, Academia & Government Partnerships ----- USGS Open Industry Briefing		Industrial Minerals <i>Roger Kauffman & Phil Nisbet</i>	Legislative Affairs <i>Laura Skaer</i>	
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2003 SHORT COURSES

FRIDAY AFTERNOON DECEMBER 5

Afternoon 2:00:5:00	Rock Creek Symposium <i>John Balla Departs for MT late am</i>	Avoiding Permitting Pitfalls & Delays on Federal Lands <i>U.S. Forest Service</i>		
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SATURDAY DECEMBER 6

Morning 8:00: 12:00	Rock Creek Symposium <i>John Balla</i>	Avoiding Permitting Pitfalls & Delays on Federal Lands <i>U.S. Forest Service</i>		
Afternoon 1:00 - 5:00	Rock Creek Symposium <i>John Balla</i>	Avoiding Permitting Pitfalls & Delays on Federal Lands <i>U.S. Forest Service</i>		

NMA Makes Case for National Minerals Policy to the National Academy of Sciences

National Mining Association (NMA) President and CEO Jack Gerard recently outlined 7 alarming trends in domestic minerals production to the Earth Resources Committee of the National Research Council (NRC) of the National Academy of Sciences (NAS). The purpose of the presentation was to demonstrate the need for a National Minerals Policy that promoted mineral exploration and development in the United States.

Some of the alarming trends include:

- Exploration investment in new mineral resources has declined with 2001 spending only 43% of 1997 levels;
- U.S. share of exploration spending has been reduced to 7.9% of the worldwide share;
- Active mining claims have declined 79% since 1992;
- New mine claims filed has decreased 73% since 1996;
- Number of operations has declined 66% for U.S. metal and non-metal mining operations;
- U.S. mineral mining jobs have been cut 35% since 1991;
- U.S. dependence of mineral imports has risen by nearly 7 fold since 1993.

Gerard told the committee that while the U.S. has advantages over other countries for attracting investment and mineral production, including market and economic conditions, government stability and lack of corruption, it is disadvantaged by even more compelling barriers. He pointed to analyses conducted by Behre Dolbear, the NRC, and the U.S. Bureau of Labor Statistics, which showed that the uncertainty of the public policy environment as it applies to mining, the complexities of U.S. regulations, the time delays (5-10 years), and excessive costs associated with permitting.

Gerard told the group that the U.S. “has a disconnect between its statutory policy objective, which is to “promote an adequate and stable supply of minerals to maintain national security, economic well-being and industry production” and the laws and regulations that implement that policy.”

Gerard outlined 4 areas for public policy consideration and/or change:

- The need to update the General Mining Laws to lay to rest some of the policy uncertainties;
- Development of a 20 year strategy for U.S. minerals production;
- An NRC analysis of current impediments and possible solutions for streamlining the permitting process, and;
- Joint industry/government research projects on the trends in U.S. demand for critical and strategic metals and how those needs will be met.

Copies of the presentation are available on NMA’s website at www.nma.org.

I-137 Haunts Meridian at Esquel

Just a week after the Esquel town council vetoed an earlier decree banning the transport, storage and use of cyanide or similar chemicals in the mining district, a Chubut judge ordered all work on Meridian’s Esquel gold project halted until the company complied with environmental regulations described in Provincial law 4032. The judge’s decision was in response to a petition from a local property owner. It is interesting to note that Robert Redford recently purchased a ranch in the Esquel area and that other mines in Chubut are operating free of challenge by the green activists. Our bet is that Redford is bank rolling the activists. We wonder if Redford realizes that “Sundance” is built on patented mining claims.

This is the latest in the ongoing debate as to whether or not Argentina’s revamped federal mining law of 1995 trumps local and provincial regulations. Argentina’s mining under-secretary confirmed federal support for Meridian.

Green activists, who have been running aggressive opposition to the project, have promised that the overturned cyanide ban will be re-imposed once lawyers finish crafting a new challenge. Montana’s cyanide ban, I-137, and statements attributed to the Montana Environmental Information Center (MEIC) have been cited by the green activists in support of their efforts to enact a cyanide ban that would stop the mine.

PDAC Releases Environmental Excellence in Exploration

The Prospectors and Developers Association of Canada (PDAC), has announced the release of E3, Environmental Excellence in Exploration. This online resource is designed to promote and ensure the highest levels of environmental practice in mineral exploration throughout the world. It is a comprehensive, easy-to-use online resource of field-proven information on environmental management practices contributed from industry worldwide. PDAC states that it is an indispensable tool in the planning and execution of exploration programs and is comprehensive, easy-to-use and reasonably priced.

The goals of E3 are:

- To provide the international exploration community, its contractors and sub-contractors with the most up-to-date information on sound and responsible environmental management practices throughout the world;
- To inform stakeholders about appropriate and effective mineral exploration practices and their application; and
- To demonstrate the mining industry’s commitment to environmentally responsible exploration and development.

The concept for the project came from a consortium of 16 leading mining companies. For more information or to subscribe online, go to www.pdac.ca/e3.

COMMITTEE REPORTS

FEDERAL ENVIRONMENTAL ISSUES

Chair: Joe Baird, Baird Hanson Quinn, LLP

208/388-0110

Senators Crapo and Allard Re-Introduce Ombudsman Legislation

Senators Mike Crapo (R-ID) and Wayne Allard (R-CO) have re-introduced S-515 in the 108th Congress. S-515 would re-establish an independent ombudsman's office within the Environmental Protection Agency (EPA). The legislation provides for the Ombudsman to be appointed by the President and confirmed by the Senate. The Ombudsman would report directly to the EPA Administrator and would have the capacity to investigate and review allegations brought by the public. S-515 passed the Senate in November 2002, but was not considered by the House of Representatives. The legislation is designed to make EPA more responsive to communities resulting in a more successful cleanup in the long run. The legislation will ensure that citizens have someone to turn to when they feel their concerns and questions are not be addressed by EPA officials.

MINING LAW

Chair: Steve Alfors, Alfors & Carver, LLC

303/592-7674

Federal Judge Rejects Oil-Dri Lawsuit

A federal judge has dismissed the Oil-Dri Corp.'s lawsuit against Washoe County over last year's denial of a controversial clay mine and cat litter plant in Hungry Valley near Reno.

U.S. District Judge Edward Reed ruled Monday that Oil-Dri's claims that the county's authority is overridden by the 1872 Mining Law is not central to the dispute and that the matter might better be decided in state court.

A parallel lawsuit already has been filed in Washoe District Court and could be served against Washoe County at any time, Oil-Dri lawyers said Wednesday. They also have the option of amending the federal case over the next 20 days.

"I look at it as neither a win nor a loss," said Oil-Dri attorney Stephen Mollath. "It's really a jurisdictional thing."

Washoe County Assistant District Attorney Madelyn Shipman was at the Legislature on Wednesday and could not be reached for comment. But representatives of the Reno-Sparks Indian Colony and Great Basin Mine Watch, which intervened in the lawsuit on the county's behalf, called the dismissal a victory.

"We're very pleased with the decision," said Arlen Melendez, chairman of the Indian Colony. "We've always maintained that local governments have some say in the developments that are around them."

"This ruling shows that they do not have the right to mine at that site," said Tom Myers of Great Basin Mine Watch, adding that Oil-Dri should abandon its legal fight against Washoe County. (Editor's note: Of course, Myers is wrong. The judge did not rule on the merits of the pre-emption claim. The judge merely held that the damages claim could be addressed without considering the pre-emption claim).

"They should just stop wasting the county's money and go home," Myers said.

Chicago-based Oil Dri, the world's largest producer of cat litter, sought to mine clay from two open pits on federal land. Ore removed from the mine would be processed into cat litter and other absorbent materials on adjoining private property.

Amid widespread community opposition, the Washoe County Commission denied a special-use permit for the project on Feb. 26, 2002. The Bureau of Land Management then withdrew its approval.

Oil-Dri subsequently sued in U.S. District Court, seeking unspecified damages. The company contended the county illegally denied its project, violating mining rights protected under the 1872 Mining Law.

While Judge Reed concluded the issue of federal pre-emption does exist, it is not necessary to resolve Oil-Dri's claim for damages over the county's denial of the project.

Oil-Dri could potentially win in state court on the basis of several other issues, including lack of substantial evidence to support the decision or that the county may have incorrectly relied on traffic concerns, Reed wrote.

Mollath said he believes the judge may have been reluctant to make a potentially precedent-setting decision regarding the 1872 Mining Law.

"Federal courts always have a way to dodge issues they don't want to deal with and I think this is an issue he doesn't want to deal with," Mollath said.

PUBLIC LANDS

Chair: Chuck Jeannes, Glamis Gold, Inc.

775/827-4600

DOI Says No to New Wilderness Areas

U.S. Department of Interior (DOI) Secretary Gale Norton announced, in a letter to members of Congress, that DOI would halt all reviews of its Western land holdings for new wilderness protection. She also advised that DOI intended to withdraw protected status from some 3 million acres in Utah. These decisions are part of a legal settlement of a lawsuit brought by the State of Utah and the settlement agreement has yet to be approved by the federal judge.

Norton based her decision on the fact that in 1976 Congress gave DOI 15 years to inventory wilderness areas, and only those identified by 1991 as having wilderness characteristics qualified for protection. Secretary Babbitt ignored Congress' direction and attempted to undertake an additional wilderness review in 1996. Secretary Babbitt also implemented a 2001 Wilderness Handbook in the eleventh hour of the Clinton administration, which required the BLM to protect the wilderness qualities of any BLM managed land that could qualify as wilderness areas. The result was the creation of millions of acres of *de facto* wilderness, even though only Congress has the power to designate wilderness areas. Norton also announced that she was setting aside the 2001 Wilderness Handbook. Secretary Norton's letter reaffirmed DOI's commitment to manage public lands to provide for multiple-use.

The decision was praised by Utah's U.S. Senators and Governor and blasted by environmental obstructionist groups.

ISSUE REPORTS

USFS Region 1 Minerals Director Retiring

Gary Morrison, Director of Lands, Minerals, Recreation, Heritage and Wilderness for Region 1 of the U.S. Forest Service in Missoula retired at the end of February to take a job starting March 10 as the Director of Administration and Legislative Affairs for Alaska Governor Frank Murkowski. Gary will be officing in Juneau, Alaska.

ICBEMP Finally Comes to Closure

The Interior Columbia Basin Ecosystem Management Project (ICBEMP) has finally been put to rest in the form of a Memorandum of Understanding (MOU) signed by representatives of the U.S. Forest Service Regions 1, 4 and 6, the USDA Research, BLM State Offices of Oregon, Washington, Idaho and Montana, the U.S. Fish and Wildlife Service, the U.S. EPA, and the National Oceanic and Atmospheric Agency Fisheries Department. The MOU spells out the intent of these agencies to cooperatively implement the "Strategy" to guide the amendment and revision of land management plans and project implementations. ICBEMP was started in January 1994 and was supposed to last only 18 months. In 1997, NWMA led the formation of a coalition of natural resource industry and public land user groups to oppose implementation of ICBEMP and a dreaded Record of Decision. Through the cooperative efforts of NWMA, agriculture, cattle, timber and off-road recreation groups, county commissioners were brought into the coalition and played an important role in ensuring that no Record of Decision was ever issued. Congressman George Nethercutt (R-WA) played a key role in keeping President Clinton's attempt to replace congressionally mandated multiple-use management with ecosystem management by executive fiat from being implemented.

The ICBEMP "Strategy" is a separate document which deals with applying the "knowledge" gained by ICBEMP to the revision of land management plans and project implementation. The Strategy is not a NEPA document and there is no Record of Decision. The main focus will be to look at the science and resource information developed during ICBEMP and utilizing it, as appropriate, in the plan and project revision and implementation process.

While all-in-all this is good news, there are some concerns raised by the MOU, Strategy and associated Vision Statement. One concern is the statement in the Vision section that states, "Agency personnel will work with the public, involved regulatory agencies and tribal governments, state and local governments, and the science community to *conserve rare ecosystems, restore degraded ecosystems, and provide benefits to people within the capabilities of the land.*" (Emphasis added) The red flag this statement raises concerns the congressional mandate to manage the public lands for multiple-use. Since when did conserving rare ecosystems become an overriding mandate of the agencies? NWMA will keep a close watch on this to make sure that the agencies do not try to stealthfully implement ICBEMP as though a Record of Decision had been issued.

U.S. Department of Interior Releases Revised Strategic Plan for Comments

The U.S. Department of Interior (DOI) has published its draft Strategic Plan for Fiscal Years 2003-08. While the revised plan is a significant improvement over the original draft that was issued at the beginning of 2002, it continues to put preservation and protection of the Nation's natural, cultural and heritage resources above managing for multiple-use and producing from our public lands.

The original draft plan contained a heavy emphasis on preservation and protection, and looked like a plan you would expect from the Clinton administration, not the Bush administration. Problems with the revised plan begin with the mission statement, which states, in part, "the U.S. Department of Interior *protects* and manages the Nation's natural resources and cultural heritage" (Emphasis added). The "protectionism" theme runs throughout the document. Resource, cultural and heritage protection is the number one strategic goal, before "manage resources to promote responsible use and sustain a dynamic economy." Sadly, the words multiple-use only appear twice in the 80 page document.

NWMA worked closely with the National Mining Industry to prepare industry comments on the plan. Those comments acknowledged that the 2003-08 Strategic Plan was an improvement over prior plans in its recognition of the importance of the mineral and energy resources of the nation. However, the Plan should reflect several overarching principles of the Federal Land Management and Policy Act (FLPMA) and, the Mining and Minerals Policy Act of 1970 (MMPA) to promote the development of federal mineral resources.

BLM Launches Reclamation and Sustainable Mineral Development Awards

The Bureau of Land Management (BLM) has announced a new awards program for locatable hardrock and industrial minerals. The Reclamation and Sustainable Mineral Development Awards Program is designed to "recognize environmentally sound mineral development operations and acknowledge successful partnering efforts in helping ensure a safe and productive hardrock mining industry.... Mining serves a critical role in the economic health and well-being of our nation. With these awards, we will be able to recognize individuals and organizations in mining that have strived for excellence and helped enhance our quality of life," BLM Director Kathleen Clarke said in announcing the awards.

The mineral operations do not have to be located on BLM managed lands to be eligible for the awards. Mining companies, regulatory authorities, nearby land owners, and members of the general public may nominate operations for these awards. Even company officials and employees may nominate their own operation. Information on the awards and the nomination process is available on the BLM website www.blm.gov. Nominations are due to a BLM state office by May 30, 2003.

The awards will be presented on October 1, 2003 at National Mining Association's fall Board of Directors meeting.

ISSUE REPORTS

NMA Wins ACHP Lawsuit

The U.S. Court of Appeals for the District of Columbia Circuit has held that the Federal Historic Preservation Program cannot be extended to projects that require state or local permits or authorizations. The case, *NMA v Fowler*, involved a challenge by NMA to the scope of regulations issued by the Advisory Council on Historic Preservation (ACHP) under the National Historic Preservation Act. The appeals court agreed with NMA that only “federally funded or federal licensed” projects are subject to the ACHP review process. This recent legal victory is in addition to another NMA victory striking down ACHP rules that unlawfully authorized the ACHP to veto federal agency decisions. Readers might recall that Secretary Babbitt instructed the BLM to deny Glamis’ Imperial Project’s Plan of Operations on the basis that that the ACHP recommended against the project.

STATE REPORTS

ALASKA REPORTS

Secretary Norton Agrees to Limit Future Wilderness Review

Pursuant to the Alaska National Interest Lands Conservation Act of 1980 (ANILCA), 57 million acres were formally designated as Wilderness. Alaska contains more wilderness acreage, in both acres and percentage of land in wilderness, than any other state. Congress granted the Secretary of Interior the discretion to undertake additional wilderness study of BLM lands, but precluded further study of any BLM managed lands in the state of Alaska for the establishment of single purpose conservation system, national recreation, national conservation, or related or similar purposes, absent specific congressional direction. Shortly after the passage of ANILCA, the Secretary of Interior exercised this discretion by adopting a policy not to conduct further wilderness inventory, review or study as part of the BLM planning process. This policy remained in effect for approximately 20 years until the last 2 days of Secretary Babbitt’s administration when he adopted an approach that deviated substantially from existing policy.

In response to letters from Senator Stevens and others, requesting that Secretary Norton reinstate the prohibition on wilderness review in Alaska unless specifically directed by an act of Congress, Secretary Norton has adopted a new policy consistent with her 4 C’s approach to governing: Communication, Consultation and Cooperation, all in the service of Conservation. Citing her experiences as an elected official in Colorado, she emphasized the importance of local involvement and support for any wilderness designation. Pursuant to her belief that we must involve the people who live on, work on, and love the land in management decisions, Secretary Norton instructed the BLM to not consider additional wilderness in resource management plans unless a wilderness proposal has received broad support amongst the State and Federal elected officials representing Alaska.

While this is not the reinstatement of the prohibition on wilderness review requested by Senator Stevens and others, it ensures that there will be no new wilderness designations in Alaska unless Alaska’s elected officials support such designation.

A number of environmental organizations have expressed their outrage at Secretary Norton’s decision.

Alaska

Alaska Governor Frank Murkowski has appointed Tom Irwin as Commissioner, Department of Natural Resources. Tom was formerly with Amax Gold in Nevada and, until recently, was General Manager of the Fort Knox mine near Fairbanks. The Fort Knox mine is owned by Fairbanks Gold Mine, Inc., a subsidiary of NWMA corporate member **Kinross Gold Corp.** Tom did a great job at Fort Knox and his appointment is good news for industry, as well as all Alaskans. Tom was an NWMA member when he worked in Nevada and at Fort Knox.

Bill Jeffress, also formerly with Amax Gold in Nevada and the Fort Knox mine, has been named Director of the Division of Governmental Coordination. This division, which is currently within the Governor’s Office, will soon be transferred to the Department of Natural Resources where it will become the large project permitting office under Bill’s direction. Another good move by Governor Murkowski.

These are just two of several permit streamlining efforts taking place throughout state government under the direction of Governor Murkowski and his appointees. Other streamlining efforts include transferring of the permitting authorities of the Habitat Division of the Department of Fish and Game to the Department of Natural Resources. This is especially good news for projects in SE and SW Alaska, where the Department of Fish and Game displayed an anti-mining bias.

Finally, as a result of an effort promoted by the Alaska Miner’s Association during Governor Tony Knowles administration, the Department of Environmental Conservation has recently issued “General Permits for Remote and Transient Camps.” These General Permits simplify the process and reduce the cost of permitting exploration camps in Alaska.

These are steps in the right direction and, hopefully, will help eliminate the negative perception of Alaska from a policy perspective as evidenced by the last Fraser Institute study.

Alaska Minerals Commission Releases 2003 Report

In February, the Alaska Minerals Commission issued its 2003 Report to the Governor and the Alaska State Legislature. The Alaska Minerals Commission was created by the Alaska Legislature in June 1986. The enabling legislation instructs the Commission to make recommendations to the Governor and Legislature on ways to mitigate constraints, including governmental constraints, on the development of minerals, including coal, in the state.

The mineral commission made the following recommendations to the Governor and Legislature got implementation in 2003:

- Eliminate frivolous litigation by limiting “public interest litigant” status;
- Increase the efficiency of mine project permitting;
- Update water quality standards;

STATE REPORTS

- Assist in infrastructure development that benefits mining and other industries;
- Resolve land tenure, navigability and right of way assess issues;
- Acquire baseline geological and environmental knowledge statewide; and
- Promote industry education through support of relevant university programs and the Alaska Minerals & Energy Resource Education Fund.

With respect to litigation reform, the Commission specifically recommended that “Public Interest Litigant status needs to be limited. The legislature should modify existing State Statutes to specifically provide that any party bringing a civil action seeking judicial review of Administrative Agency decisions, in which they were afforded an opportunity for public input and administrative appeal, not be awarded “public interest litigant” status. Furthermore, the prevailing party in such civil action shall be entitled to an award of attorney’s fees and costs as in other civil actions.”

The second recommendation for litigation reform is equally important. It states, “Funding Sources need to be disclosed. The Legislature should modify existing State Statutes to require that a condition of obtaining litigant status and/or of filing an Administrative Appeal, under regulations, is the initial and supplemental disclosure of the identity of those who provide funding to the entity who seeks litigant status and/or initiates an Administrative Appeal and the amount of such funds during the past two years and during the term of the Administrative Appeal.”

Bills have been introduced into the Alaska Legislature to implement these two recommendations. This type of reform is needed, not only in all 50 states, but on the federal level as well.

CALIFORNIA

California Adopts Backfilling Requirements

California appears to have taken the lead in its quest to become the most anti-mining state in the union. On April 10, the California State Mining and Geology Board adopted the Nation’s toughest restrictions on open-pit metallic mining by requiring backfilling of new open-pit metal mines and a re-contouring of rock piles to the original natural landscape.

Specifically, the new regulation (California Code of Regulations, Title 14, Division 2, Chapter 8, Subchapter 1, Sec. 3704.) includes the following requirements:

- An open pit excavation created by surface mining activities for the production of metallic minerals shall be backfilled to the original surface elevation and;
- All materials remaining in overburden piles, waste rock piles, and processed or leached ore piles not used in the backfilling process shall be graded and contoured to achieve the approximate original contours of the mined lands prior to mining activities.

It is ironic that a state that was built on gold mining has taken such a firm anti-mining position in its quest for political correctness. Expect the “politically correct” state formerly known as “the Golden State”, to replace gold as the state mineral

and require the San Francisco 49er’s to adopt a new nickname and mascot.

Clearly, this regulation is aimed at trying to stop **Glamis Gold Ltd.**’s Imperial project. The new rules will also impact Canyon Resources plans to expand its Briggs mine near Death Valley, California.

Glamis and Canyon indicated they were contemplating legal action challenging California’s ability to, in effect, ban mining on federal public lands.

To be consistent, California should also ban the use of all products that contain gold. Think of the impact that would have on California’s high-tech and computer industries. **But, alas, the real issue is not Sacred Sites or backfilling, but rather, a hypocritical point of view that says it is okay to export the environmental impacts of gold mining to someone else’s backyard.** Californians truly are in a state of denial.

MONTANA

I-137 Update

Senator Debbie Shea, D-Butte, introduced Senate Bill 436, which would have placed a re-vote on Initiative 137 (I-137), the cyanide ban, on the ballot. In introducing the bill, she stated that voters did not have an opportunity to hear both sides of the story because of the unconstitutional ban on corporate participation in the initiative process (I-125). In a lawsuit filed by NWMA and the Montana Mining Association, I-125 was declared unconstitutional, but only nine days before the election.

Senator Shea immediately came under attack from environmental groups and some media claiming her bill was a blatant reversal of I-137 in defiance of the will of the voters. In a speech on the Senate floor, Shea said she was called a prostitute and a malicious panderer by environmentalists. Amid the criticism and dwindling support for the bill, Shea pulled it on March 19.

As the bill went through the hearing process, it was amended in ways that were detrimental to the mining industry. One such amendment required a rollback of hard fought Montana Environmental Policy Act (MEPA) reforms obtained in the 2002 legislature.

In now appears that the mining community and other business organizations will form a steering committee to explore a signature campaign to put I-137 back on the ballot for another vote. NWMA will participate on the steering committee.

Mining Company May Try to Overturn Montana Ban

NWMA corporate member **Canyon Resources Corp.** is prepared to mount a political campaign in Montana to reverse a ban on using cyanide in gold mining if its pending court challenge fails. Canyon Resources President Richard De Voto said that if the Denver-based company does not succeed in court it will probably ask Montana voters in 2004 to reverse the cyanide ban.

The Golden, Colorado-based company’s McDonald project is believed to be one of the largest undeveloped gold resources in the continental United States.

“We took a poll recently which showed that if the citizens were informed of the full economic impact on the state they would not want the ban,” De Voto said.

STATE REPORTS

In 1998, Montana voters approved an initiative on the ballot that prohibited mining companies from using cyanide when they mined for gold or silver from open pit.

Proponents of the measure argued that cyanide was harmful to the environment.

Canyon Resources was obtaining permits to mine for gold on its McDonald gold project in western Montana when environmental groups tried to stop the permits. When that did not succeed, the measure to ban cyanide was placed on the ballot.

The McDonald gold project is projected to eventually produce 450,000 ounces of gold per year over a 12-14 year span, De Voto said.

When Initiative 137 was passed by voters, mining companies were not allowed to campaign against it because of another separate voter measure passed earlier (I-125) that limited such advertising.

Canyon Resources sued the state of Montana, but in December a state court ruled against it. The company has filed an appeal with the Montana Supreme Court. If the company does not succeed in overturning the ban it would at least want payment from the state for the financial loss, De Voto said.

The company has said that it would seek in excess of \$500 million in damages for the loss of value of the property, which it says contains 9.2 million ounces of gold.

Montana Tunnels to Resume Full Operations in April

Apollo Gold has announced that the Montana Tunnels mine will resume full operations in April. Apollo has invested approximately \$18 million in waste-stripping, mining equipment and infrastructure with a goal of developing enough reserves to sustain at least 8 years of production. The company restored production by removing 18.1 million tons of non-mineralized rock from the top of the next 18-27 million tons of ore to be mined. Also, in 2002, Apollo entered into a 5 year agreement with Teck Cominco to treat the lead-zinc concentrate at Teck's Trail smelter in southeastern British Columbia. The lead-zinc concentrates represent about half the value of the ore.

WASHINGTON

NWMA's Efforts Save Division of Geology's Spokane Field Office

In the June 2002 *Bulletin*, we reported that the bureaucrats in the Washington State Department of Natural Resources were planning to close the Spokane field office for the Division of Geology, while retaining all Olympia based geologists.

Over the past several months, NWMA continued to work for a solution. At the December 2002 Trustee Meeting, NWMA Executive Director Laura Skaer and Trustee Eric Cheney discussed the possibility of transferring the Division of Geology office in Spokane to the Geology Department of Eastern Washington University. Laura approached State Senator Jim West, majority leader in the Washington State Senate and a friend of the industry. Jim responded affirmatively, and set the wheels in motion.

Several NWMA members approached Ernie Gilmore in the Geology Department at EWU and obtained their support for the

idea. The next step was to convince EWU President Steven Jordan that this move was good for EWU and good for eastern Washington. Senator West was approached again and asked to speak to President Jordan.

Meanwhile, Washington's Geological Mapping Advisory Committee had recommended additional mapping on the Spokane aquifer as the number one geologic mapping priority in the State of Washington for the joint mapping program with the USGS. The USGS granted Washington state \$35,000 less than requested and the Olympia bureaucrat's approach to solving the problem was to eliminate the number one priority rather than going to the last priority item on the list.

This information was communicated to Senator West, who then scheduled a meeting on March 4 in Olympia between his office, the Commissioner of the Department of Natural Resources, EWU President Jordan, and Laura Skaer. The meeting went well and within 48 hours after the meeting the funding for the Spokane aquifer mapping project had been restored to its rightful number one priority. The mapping project will generate sufficient funds to maintain the Spokane Division of Geology office through June 2004.

The Division of Geology office will be housed at EWU. In addition to support from EWU, NWMA secured support from the Spokane Regional Chamber of Commerce. This is a significant victory for NWMA, the mining industry, and eastern Washington. However, our work is not finished. We are currently looking at options and funding sources to ensure that the Eastern Washington Division of Geology office in Spokane remains open and active beyond June 2004.

Letters from our Members....

March 26, 2003

Dear Laura,

Outstanding! Thank you so much for all your efforts. As Chair of the Columbia Basin Geological Society, I believe that it is imperative that the State of Washington keeps at least one of its full-time geoscientists here in the eastern part of the state. We have a vibrant minerals industry with both metal and nonmetal mines providing jobs and wealth to our state. Bob Derkey's work here supports those industries.

As you know, Bob also provides our eastern Washington community leaders with critical geologic information, which they are required by law to include in their growth management planning activities. This need has never been filled by Bob's peers in Olympia.

We are also recipients of academic benefits from Bob's activities. Without his geologic mapping program, we never would have known about the lower middle Cambrian fossiliferous shale deposit near Clear Lake. This deposit is similar to the world famous Burgess Shale of British Columbia, arguably the most famous fossil site in the world. Bob's work is giving us a more complete understanding of our geologic history. This work needs to continue.

Dr. Derkey's future efforts on behalf of eastern Washington's citizens will continue, thanks to the enormous efforts of Senator West, Dr. Jordan, and the Northwest Mining Association. Bravo!

Sincerely,

Dale Avery, Chair, CBGS

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CALENDAR OF UPCOMING EVENTS

39th Forum on the Geology of Industrial Minerals, May 18 - 24, 2003, Sparks NV. Contact Terri Carside, NV Bureau of Mines & Geology, 775/784-6691 x 126, fax 775/784-1709, e-mail: tgarside@unr.edu, web: www.ngmg.unr.edu/imf

Elko Mining Expo 2003 Annual Convention, June 12 -13, Elko Convention Center, Elko, NV. Contact ECVA at 800-248-3556.

Rapid Excavation and Tunnelling Conference, Marriott Hotel, New Orleans, LA. June 16 18, 2003. Contact SME Exhibits Management at 303/914-9647.

49th Annual Rocky Mountain Mineral Law Institute, July 24 - 26, 2003, San Diego, CA. Call 303/321-8100, e-mail mholland@rmmlf.org, or log onto website www.rmmlf.org.

Mining Impacted Native American Lands 2003, September 9 -11, 2003. This workshop will unite Tribal members and representatives, and government officials to examine technical and policy issues related to historic, current and future mining impacts on Native Ameri-

can lands. The workshop will be held at the Atlantis Hotel in Reno, Nevada. For additional information, direct inquiries to Alina Martin, SAIC, at 703/318-4678, e-mail: martinali@saic.com or log onto their website <http://www.epa.gov/ttnrml/miningimpact.htm>.

Society of Exploration Geophysicists (SExG) 73rd Annual Meeting and International Exposition in Dallas, TX. September 28 - October 3, 2003. For more information call 918/497-5557 or www.seg.org.

10th Annual Conference on Tailings & Mine Waste, October 12 - 15, 2003, Rocky Mountain Regional Hazardous Substance Research Center, Announcement and Call for Papers. Contact Linda L Hinshaw at CSU, 970/491-6081 or fax 970/491-3584/7727, e-mail: lhinshaw@engr.colostate.edu, web: www.tailings.org

16th Annual CIM Mine Operators Conference, October 19-22, 2003 in Saskatoon, Sask. For more information, e-mail Henry Schnell at henryschnell@sk.sympatico.ca, or website: <http://www.cimsaskatoon.org>.

Annual Meeting of the Geological Society of America, November 2 - 5, 2003 in Seattle, WA. For general GSA information, call 303/447-2020, fax 303/447-1133 or e-mail: meetings@geosociety.org. Web: www.geosociety.org/meetings/2003.

Alaska Miners Association Annual Convention, November 3 - 8, 2003, Anchorage, AK. November 3-4 Short Courses; November 5-7 General Convention; November 7-8 2nd Annual Rock and Mineral Show (Contact Anita Williams awilliam@alaska.net or call 907/345-2541 for vendor or display information. For more information on the convention, contact the AMA at 907/563-9229 or website www.alaskaminers.org.

Northwest Mining Association's 109th Annual Meeting, Exposition & Short Courses, December 2-6, 2003, Spokane, Washington. Announcement and Call for Papers. For more information contact Pat Nelsen, e-mail: pnelsen@nwma.org, phone 509/624-1158, fax: 509/623-1241, NWMA, 10 N. Post Street, Ste. 220, Spokane, WA 99201-0772