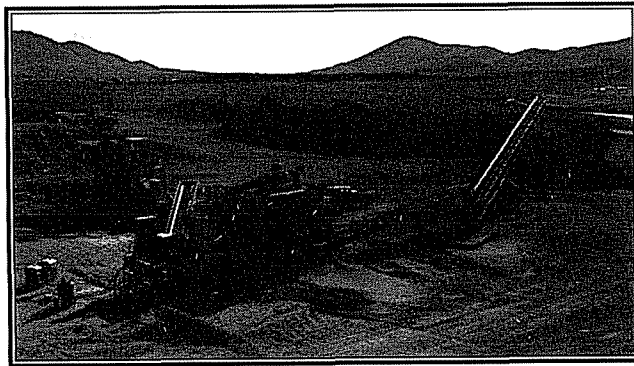
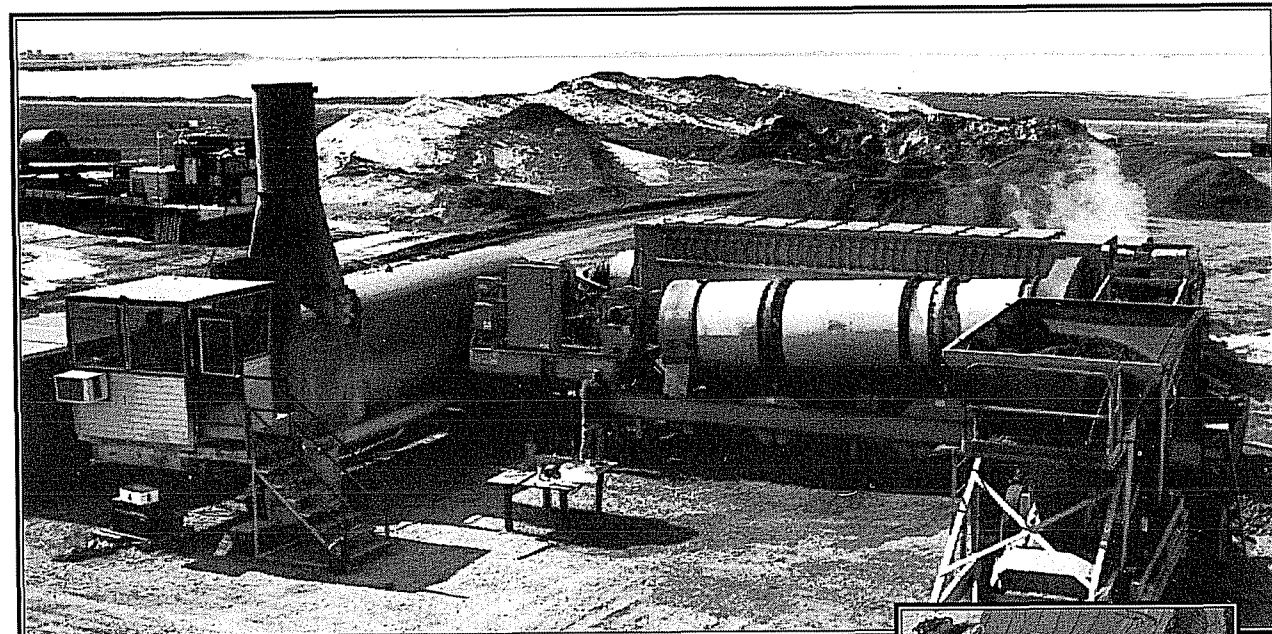


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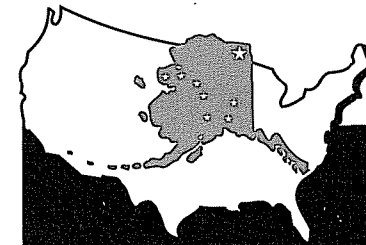


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## Resource Review

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# Assault on the Mining Law

## *New legislation to repeal General Mining Law would cripple industry in Alaska and the West*

A new version of legislation to repeal the General Mining Law, offered by Representative Nick Rahall (D-WV), would cripple not only the hardrock mining industry in the West, but the communities that depend on mining tax revenue and the hundreds of thousands of Americans who count on mining for their livelihoods.

"If you wanted to draft a bill that says there will be no more hardrock mining in the United States, this bill is just the ticket," said John A. Knebel, President of the American Mining Congress, the mining industry's principal trade association.

The House Committee on Interior and Insular Affairs met June 24 to mark up Rahall's revised legislation to repeal the Mining Law.

The substitute is an extensive revi-

sion of H.R. 918, which was introduced by Rahall and was the subject of several field and Washington hearings. The substitute is more far-reaching than H.R. 918 and will make it virtually impossible to undertake hardrock mineral exploration and development in Alaska and other western states.

Paul S. Glavinovich, President of the Resource Development Council, submitted testimony to a congressional subcommittee last summer in Fairbanks  
*(Continued to page 4)*

**"There will be no new deposits in the mineral pipeline and the U.S. may look forward to being a hostage to foreign sources for our metals, not unlike the situation that we face today with petroleum products."**

- Paul Glavinovich

**"Any cost burdens during the pre-production period that do not lead to better definition of the reserve and the required mining methods become a parasite that may kill the project."**

- Steve Borell



Geologists gather samples at a remote site in the Brooks Range. New legislation to repeal the Mining Law would severely constrain future exploration efforts of potential mineral deposits.

# Arctic Power! to lead ANWR offensive

RDC urges its members to support new, non-profit organization



## Message from the Acting Director

by  
Debbie Reinwand



Arctic Power! has the sole purpose of securing congressional passage of legislation allowing development in the Coastal Plain of ANWR.

We've all heard the phrase "slow and steady wins the race," and Alaskans can only hope that is the case with regard to congressional approval of oil and gas exploration and production in the Coastal Plain of ANWR.

Alaska has been unwavering in its support of exploration in the 1002 area of ANWR - a fact supported by polls that show even in the worst of times, at least 60% of Alaskans support such development. And a variety of groups have steadily continued to champion the cause throughout a series of setbacks over the years.

It has been argued that the missing ingredient is a vital, galvanized organization with diverse membership that has a sole purpose of securing congressional passage of legislation allowing development in the Coastal Plain.

That organization now exists in the form of Arctic Power! a non-profit group formed earlier this year with a statewide board of directors. Arctic Power! recently opened an office in Anchorage and has been steadily fundraising through the efforts of its board members and other supporters.

The first and foremost goal for Arctic Power! is to establish a broad membership base in Alaska. If 100,000 Alaskans gave Arctic Power! a token amount - \$5 or \$10 - this groups could do amazing things in a short period of time. RDC is asking its members to do just that - dig into their wallets and donate any amount - small or large - to provide seed money to this critical organization.

RDC has many of its own board members on the founding board of Arctic Power! and we are confident the group has a sound operating plan. Initially, grassroots efforts in targeted states and in Washington, D.C. will be a primary undertaking for this group, as well as providing ongoing

education within Alaska. Part of the education effort here and Outside will focus on the importance of ANWR oil to the Alaskan and the U.S. economies.

Another element will be the environmental track record of companies operating in Alaska, to ensure that Americans understand that we have the capability to produce in the most environmentally-sensitive manner in the world. Arctic Power! will highlight the environmental safeguards, laws and regulations in place in Alaska that are absent in other known, oil-producing regions of the world.

The list of names of those signing on as board members and founders is impressive - former Lt. Gov. Stephen McAlpine is chairman of the board, and a former RDC President, Bill Schneider, is first vice-chairman. A small staff is being sought to implement the direction of the board.

It is the intent of RDC's board and staff to fully support and assist with Arctic Power's mission and activities. As an RDC member, you will be hearing more about this group from RDC, and we urge you to join as a founding member. To learn more about Arctic Power! contact Jennifer at 563-ANWR (2697) or send checks to PO Box 240828, Anchorage, AK, 99524-0828.

Alaskans need to rally round this critical issue as we look toward the future and the new Congress that will review this issue in 1993.

The Resource Development Council (RDC) is Alaska's largest privately funded nonprofit economic development organization working to develop Alaska's natural resources in an orderly manner and to create a broad-based, diversified economy while protecting and enhancing the environment.

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Writer & Editor  
Carl Portman



# Endangered Species Act: A good idea gone haywire

By Nancy Davis

With the Endangered Species Act up for congressional review this year, it's time to take a realistic look at this and other well-meaning preservation policies gone bad.

Protecting the spotted owl in the Pacific Northwest is a noble endeavor, but at what cost to those who share that environment? The United Brotherhood of Carpenters and Joiners of America and the AFL-CIO has released an independent study showing that the loss of direct and indirect jobs from spotted owl protection measures would be dramatically higher than the 20,700 reported by the U.S. Forest Service.

Depending on how much private land will be restricted to protect the owl, 81,000 to nearly 104,000 jobs are estimated to be lost. The much lower Forest Service estimate did not account for job losses associated with other public and private lands and underestimated the declining trends in annual timber harvests.

"In the 18 years since Congress drafted the Act, we've learned it is flawed," said Paul Morehead, chairman of Northwest Timber Workers Resource Council. "It is allowing a handful of zealots to advance narrow political goals unrelated to the environment. It's a good idea gone haywire."

According to Dixie Lee Ray, a former governor of Washington, preservation is costly to the environment as well. "Misguided public pressure to 'preserve' forests rather than manage them is, in fact, killing trees," Ray said in an article for the Oregon Lands Coalition in June.

According to Ray, "Timber sale appeals and special-use designations have paralyzed our ability to manage forests responsibly." These restrictions translate to neglect; inviting bugs, disease and dead material for forest fires, Ray said.

Plant ecologists and wildlife experts recommend an aggressive inte-

## Reauthorization of Endangered Species Act sliding into 1993

While the Endangered Species Act of 1973 technically should be reworked and re-enacted by October of this year, any action on the issue is sliding relentlessly into the 1993-94 session of Congress. However, major ESA reform bills are likely to be introduced and gather momentum prior to adjournment.

A bill which will incorporate all of the reforms proposed in the Nationwide Public Projects Coalition's white paper on ESA reform, plus several features which have been suggested to Dr. Frank Dunkle, author of the white paper, is in final drafting.

Dr. Dunkle, former Director of the U.S. Fish and Wildlife Service and an NPPC board member, has presented his proposals to many concerned organizations in recent months, and a number of them have endorsed the white paper.

One bill which recently was introduced does contain some of the NPPC initiatives, including peer review before endangered listings can go forward and information on socio-economic impacts as a consideration in listings.

The bill, H.R. 5105, is titled "The Environment and Economic Stability Act." Among its sponsors is Alaska Congressman Don Young.

grated approach including logging to stop bugs, lessen the fire risk and stimulate biodiversity.

But unfortunately, the public outcry to "save the forests" and protect the environment at any cost is greatly influencing policy makers. A poll commissioned by the Nature Conservancy and National Audubon Society reported that two-thirds of voters across the country support the ESA and that 40 percent "strongly" support it.

Robert Gordon, director of the National Wilderness Institute, says unreleased presidential campaign polls show the public position favors jobs over the owl.

"People will worry about owls when they have a roof over their heads and food on the table," Gordon said.

Speaking at the RDC Annual Meeting banquet in Anchorage earlier this summer, Gordon noted that the Spotted Owl is symbolic of a law which people in general would perceive as

well intentioned but abused.

"Genetically, we can't show any difference between California and Northern Spotted Owls, and it was admitted early on by some who favored listing the owl that the owl was being used as a surrogate to stop timber harvesting -- not that timber harvesting was being stopped to save the owl."

Gordon said that green politicians and the preservation community are out of touch with reality and just do not care about the facts.

"In their rush to sell stories, the media has often assisted in fostering the 'sky is falling' establishment," Gordon said. "It's a multi-million dollar establishment sending junk mail with pictures of cuddly, doomed owls to little old ladies in Iowa and upper suburbanites in Massachusetts who know all they know about nature from the Discovery Channel and Club Med."

Eventually this mess must collapse from its own rottenness," Gordon said.



## A vision of oil development on ANWR's Coastal Plain

by Marc Esslinger

*Editor's Note: Marc Esslinger, a student at Service High School in Anchorage, received Honorable Mention in RDC's essay contest in June. The first-place essays in the high school and junior high school categories were published in last month's Resource Review.*

You come over the crest of Alaska's Brooks Range, expecting to see the ultimate environmentalists nightmare: a sprawling oil field of clanging, towering pumps. As your plane glides across the air above the rolling tundra, the haunting vision fails to materialize. All that lays before the eyes is the reflecting waters of the Arctic Ocean. No tundra scars or noisy machinery. Just the peaceful movement of grazing caribou. Welcome to the Arctic National Wildlife Refuge, August 2010. It's not until you approach for your landing, that the small pump stations that help power our nation's economy become visible.

With a booming multi-billion dollar domestic oil industry, we no longer have a demanding dependency on foreign oil. We are kings living off the royalty of our own land. And as promised, we only used one-tenth of one percent of the entire 19-million acre refuge. In the process we have met, and continue to meet, the challenge for environmental safety.

We have proven to our country and its people that developing the Coastal Plain of ANWR was not only a smart choice, but also the best choice.

## Survey: Americans favor balance

(Continued from page 3)

- In five specific examples in which respondents had to choose between a land owner's rights and protecting wetlands or endangered species, environmental protection is favored over private property rights in every case. However, they also feel that a person or company should be compensated when their land value is reduced to protect the environment.

- Half of all Americans believe the Endangered Species Act should be changed to consider the cost of protecting all species compared to 38% of respondents who feel that all species should be saved, irrespective of costs.

- Most Americans (58%) believe there is currently the "right amount" of wild and natural areas for their personal use. One-third feel there is not enough.

- Twenty-two percent of Americans who are likely to vote in the 1992 na-

tional elections have voted in the past for or against candidates on the basis of their positions on environmental issues.

- Health concerns drive the environmental priorities of Americans. The percent of respondents who chose the following ten environmental issues as "one of the most serious" are: 1) Water pollution 77%; 2) Toxic waste pollution 72%; 3) Shortages of drinking water 68%; 4) Air pollution 64%; 5) Damage to ozone layer 62%; 6) Landfall shortage 58%; 7) Loss of open areas 46%; 8) Extinction of some plants, animals and insects 45%; 9) Global warming 45%; 10) Loss of wetlands 42%.

The TMM survey was conducted between February 28 and March 10, 1992 by telephone. The margin of error due to sampling is plus or minus 3 percent at the .95 confidence level, TMM said.

## Mining reform bills headed for conference committee

(Continued from page 5)

patenting, is not even mentioned in the amendment. Other major issues for him, including land planning, repeal of the existing law, and authorized use of mining claims are similarly not mentioned.

Alaska miners believe the amendment is a ploy by Bumpers to get a bill passed in the Senate. Once that occurs, the bill would head to conference committee where opponents to the Mining Law would attempt to mesh it with Rahall's bill.

RDC and the Alaska Miners Association maintains that the Mining Law works very well, and can continue to accomplish the basic goal of allowing orderly and market-directed exploration and development of minerals on public lands, consistent with publicly recognized environmental standards.

One fact that is not well understood and is often not well articulated is that the Mining Law is a property rights law. It establishes the rules and requirements that an individual must follow in order to establish a property right, maintain that right over time, and if the mineral values are sufficiently great, become the fee simple owner of the property.

The Mining Law is not an environmental, reclamation, clean water or clean air act. There are some 37 federal laws, primarily environmental in nature, which either amend the original mining law or apply directly to mining operations to protect the environment. Most state have at least a dozen such laws of their own.

"Under these and other measures, scores of provisions exist today at both the federal and state levels to protect our water, wildlife, air and land," said RDC's Glavinovich.



Thoughts from the President  
by  
Paul S. Glavinovich

## War declared on Mining Law

Senator Dale Bumpers (D-Ark) and Representative Nick Rahall (D-WV) have been pursuing federal legislation for the past three years that would effectively gut the Mining Law of 1872. This law is the legal foundation governing the acquisition of mineral deposits on the public domain that are in turn the necessary precursor to much of America's manufacturing industry.

There is truth to the statement, "If it can't be grown, it must be mined." Even with that statement, speculate for a moment what America's or the world's agricultural productivity would be without the steel, aluminum, copper, nickel, cobalt, zinc, gold and silver that are used to build machines necessary to achieve and sustain that productivity.

Rahall, Bumpers and others are seemingly motivated by what they allege is a "give away" of the public's resources to the private sector. They delight in perpetuating the myth that one can purchase a mining claim for as little as \$2.50 an acre.

## Most Americans favor balance between environmental and economic concerns

A recent national survey conducted by Times Mirror Magazines (TMM) has revealed that most Americans reject the idea the environment and economic growth are fundamentally in opposition to one another. Most of the 1,200 adult Americans responding to the survey believe that most of the time a balance can be struck between environmental protection and economic progress.

David B. Rockland, Ph.D., executive director of the TMM Conservation Council, said the survey has shown that most Americans are optimistic that natural resource problems can be solved with policies that permit the multiple use of public resources. "They will support government programs and candidates for public office that protect the environment through sound management while considering the cost of protection," Rockland observed.

The TMM survey showed that a majority of Americans (63%) are optimistic that environmental protection and eco-

Nothing is further from the truth and these gentlemen are well aware of that fact.

The legislation pending in the House and Senate chambers attacks the right of self initiation and tenure, two of the most important facets of the mining law. Self initiation is the right of the individual to go upon the public land in search of a mineral deposit; tenure is the right to pursue development of an economic mineral deposit if one is indeed found. Patenting, the process through which one acquires a fee interest in the land, is totally contingent upon the claimant demonstrating to the government that he has discovered an economic mineral deposit. Today, the exploration process necessary to prove discovery involves the expenditure of thousands of dollars per acre once the claim has been staked. Furthermore, the exploration expenditure necessary to locate the claim in the first place can also total in the thousands of dollars per acre.

The loss of self initiation and tenure will have an immediate and profound effect upon the exploration sector of the industry and will severely constrain any effort on the part of industry, exploration groups and individuals to seek new mineral deposits. Mineral exploration is a high-cost, high-risk endeavor. More fortunes have been lost in the search for mines than have been made. Companies and individuals continue the search primarily because they are optimistic. The Bumpers and Rahall legislation will definitely suppress that optimism.

If congress passes a new mining act along the lines of the Bumpers and Rahall bills, the effect of such legislation will not affect the general public for at least ten years or until the ore from America's current producing mines is exhausted. At that time, however, there will be no new deposits in the mineral pipeline and the U.S. may look forward to being a hostage to foreign sources for our metals, not unlike the situation that we face today with petroleum products.

conomic development can go hand in hand. Only 25% feel there must be a choice between them.

Moreover, 70% of Americans believe that we can protect and conserve wildlife, natural areas and natural resources while also using them for the benefit of our economy and the public. Only 26% feel that development and human activity should be prevented to protect and conserve wildlife and natural areas.

The TMM survey also revealed:

- Almost two-thirds of respondents (65%) disagree with the premise that economic security and well-being have priority over environmental problems. Only 31% agree.

- Six out of every ten respondents are against increasing taxes to pay for environmental programs. Sixty-six percent believe government spending should be shifted from other areas to environmental programs.

(Continued to page 6)

# Rahall proposal would radically change U.S. mining

(Continued from page 1)

on the hotly contested H.R. 918. He told Rahall then that H.R. 918 would repeal "a demonstrably working law and replace it with a system rife with such financial and regulatory burden that it would eliminate all but a very few major mineral interests."

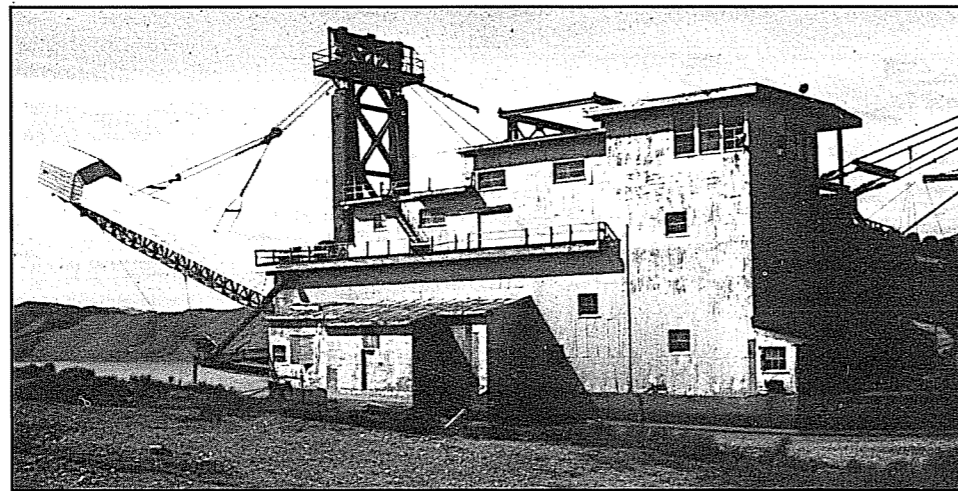
Glavinovich warned that Rahall's new bill amounts to an "assault on the Mining Law." While the legislation would not immediately affect the output of existing mining operations, it would shut down the pipeline of existing and future exploration projects and force the industry to seek replacement reserves from foreign sources. This would have an adverse impact on manufacturing industry jobs and on the U.S. balance of payments.

"There will be no new deposits in the mineral pipeline and the U.S. may look forward to being a hostage to foreign sources for our metals, not unlike the situation that we face today with petroleum products," Glavinovich said.

The 1872 Mining Law gives citizens the right to enter public lands, explore for minerals, and upon their discovery, perfect ownership of the mining location. The result is that private citizens and companies are now willing to expend large amounts of time and money to explore for minerals on public lands at no cost to the government.

"This proposal, if enacted, would radically change mining as we know it

**"It is a gross misrepresentation of fact to say that all the miner has to do is stake the claim and pay \$2.50 per acre. Nothing could be further from the truth."** - Steve Borell



Alaska has a rich mining heritage with many of the state's major communities and roadways founded and built by miners who, under the Mining Law of 1872, spent large amounts of time and money exploring for minerals at no cost to the government.

**The new provisions incorporate virtually every concept and idea suggested by mining opponents during extensive hearings and almost none suggested by the mining industry. The substitute also incorporates many damaging concepts not mentioned at the hearings.**

in the United States," said Knebel of the American Mining Congress.

A recent study demonstrated that legislative efforts to repeal the Mining Law would cost as many as 30,000 jobs and as much as \$230 million per year in lost federal revenues and increased spending. The study was prepared by the accounting firm of Coopers & Lybrand and the law firm of Davis, Graham & Stubbs.

"Rahall's latest version could increase these numbers drastically," Knebel said.

The substitute is considerably different from H.R. 918 with respect to environmental considerations. The new provisions incorporate virtually every concept and idea suggested by mining opponents during extensive hearings

and almost none suggested by the mining industry. The substitute also incorporates many damaging concepts not mentioned at the hearings.

Glavinovich and mineral specialists throughout Alaska warn that the substitute does not reflect any practical understanding of mining, the mining industry or economic realities. They stress that all but the major mining companies will be forced out of business by the high costs for holding claims.

The Rahall bill would add significant costs to mineral prospects in the early years of the project life at the very time miners can least afford them. Proposed rental fees, increased recordation fees and new annual holding fees that escalate every five years would nearly eliminate the small miner or prospector.

**A common focus of the complaints against the Mining Law has been the allegation that patenting of mineral resources cost the miner only \$2.50 per acre. This is an administrative transfer fee which is a minuscule part of the total expenditure required. Before a miner can patent his claim, he must first prove the claim. Such action demands a very specific, time consuming, exacting and expensive procedure. As a result, the cost of patenting is very high.**

The proposed incremental increases would be especially hard on miners in Alaska, where it takes 15 to 20 years to bring a mine into production. Time required to develop a mine in Alaska is often two to three times longer than elsewhere because of the very short season, the remote location of the prospects and the lack of infrastructure.

The bill does the very thing that will hurt a potential new project the most — it adds costs and uncertainty in the early years of the project life, at a time when the project can least afford them. Many if not most prospects are found not by major corporations, but by individual prospectors or small companies. After locating a prospect of a yet unknown value, the individual will often work for several years to evaluate the area before a sufficient base of knowledge exists to consider mining or leasing the prospect to a larger company. Adding more cost burdens before a project is in production will decrease the chance that the operation will ever be developed.

"Any cost burdens during the pre-production period that do not lead to better definition of the reserve and the required mining methods become a parasite that may kill the project," said Steve Borell, Executive Director of the Alaska Miners Association.

In addition to the incremental fee increases, Rahall's bill would add obstacles by depriving the successful miner of the opportunity to own the minerals and have a secure tenure or title. Patenting provides the security for the individual and provides security that

can be used by financial institutions when making loans.

A common focus of the complaints against the Mining Law has been the allegation that patenting of mineral resources cost the miner only \$2.50 per acre.

The fee paid to the government for a patent is \$2.50 per acre for placer claims. This is, however, an administrative transfer fee which is a minuscule part of the total expenditures required.

Before a miner can patent the claim, he must first prove the claim. Such action demands a very specific, time consuming, exacting, arduous and expensive procedure. As a result, the costs of patenting is very high.

In one case, it cost \$2,200,000 to patent 20 claims in Alaska. That converts to \$5,500 per acre. Because of land management restrictions, that de-

**The bill does the very thing that will hurt a potential new project the most -- it adds costs and uncertainty in the early years of the project life, at a time when a project can least afford them.**

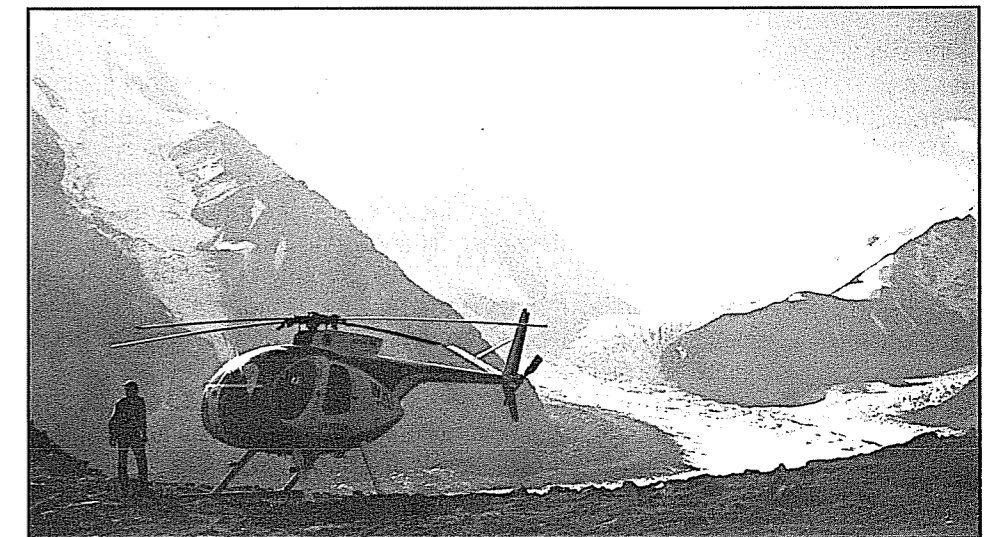
posit is still not in production.

In another Alaska venture, the cost to patent 32 lode claims totaling 647 acres was over \$11 million, equating to \$16,699 per acre. And because of permitting delays and the market commodity prices, the project is also not yet in production.

"It is a gross misrepresentation of the facts to say that all the miner has to do is stake the claim and pay \$2.50 per acre," said Borell. "Nothing could be further from the truth. This is in no way a federal government give-away, but rather it is a critical aspect of the minerals development system for our country."

Companion legislation to Rahall's bill has been pending in the Senate. Currently at issue is an amendment to S. 433, sponsored by Senator Dale Bumpers. The single issue Bumpers has attacked the loudest over the years,

(Continued to page 6)



Mineral exploration and development is extremely costly in Alaska where most deposits are located in remote areas. The Rahall bill would add significant costs to mineral prospects. Proposed rental fees, increased recordation fees and new annual holding fees that escalate every five years would nearly eliminate the small miner or prospector.