

Babbitt promises battle to close pumice mine

By Mark Shaffer
The Arizona Republic
April 26, 2000

FLAGSTAFF -- The huge, 100-foot-deep pit in the foothills of the San Francisco Peaks was anything but the way Interior Secretary Bruce Babbitt remembered his childhood jaunts in the forest.

"I was nearly in tears when I saw what's going on here," said Babbitt, a Flagstaff native, who visited the pumice mine called White Vulcan on Tuesday.



Jack Kurtz/The Arizona Republic

Ferrell Secakuku, former chairman of the Hopis, and Bruce Babbitt, secretary of the Interior Department talks about the damage done to the San Francisco Mountains by the White Vulcan Pumice Mine north of Flagstaff.

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In his final year in office, Babbitt is putting all of his weight behind an effort to try to close the mine, which produces the light, chalky material used in producing stone-washed blue jeans but which environmentalists say defaces the area, creating a scar that will last for decades.

But while 250 protesters at the mine cheered the effort, it won't be an easy battle for Babbitt, who has moved recently to solidify his environmental legacy, carving out large parcels to create the Agua Fria National Monument north of Phoenix and the Grand Canyon-Parashant National Monument north of Grand Canyon.

The Sierra Club has made the White Vulcan Mine its showcase target in its national campaign to change the Mining Law of 1872. Organizer Andy Bessler of the environmental group's Save the Peaks campaign has also

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enlisted officials of Indian tribes from throughout northern Arizona, who oppose the mining on religious grounds.

The battle pits environmentalists against two long-standing adversaries: the powerful American Mining Association and Western senators who enthusiastically back the 128-year-old mining law.

The law, passed to help produce precious minerals for a fledgling nation, still allows mining interests to claim and mine land owned by federal taxpayers for \$5 an acre if they can prove there are marketable minerals on the site. They can then later patent the land for a nominal fee.

Babbitt said he would demand once again that Congress change the law. He said he would also be working with the U.S. Forest Service on a process to have more than 70,000 acres of the San Francisco Peaks removed from mineral activity. Babbitt also said he would be pleading and cajoling to convince Tufflite Inc. of Phoenix, which operates the mine, that "it's time to go home."

If that doesn't work, Babbitt said he would be poised for "a major political fight" to have the Interior Department given imminent domain over the San Francisco Peaks "to terminate this sacrilege in the courts of our land."

Ed Morgan, manager of the White Vulcan mine, said he's willing to give up the mine if someone wants to cough up \$10 million.

"We've talked land trades with the Forest Service for the last decade, but those talks have never gone anywhere," Morgan said.

He said Babbitt would be opening a "huge can of worms" with mining interests throughout the country if the federal government tries to claim imminent domain over the mine. "Personally, I just think that Babbitt is blowing smoke and trying to play buddy-buddy with the Indian tribes," Morgan said.

Allen Jones, a Navajo tribal member from the community of Leupp and a heavy equipment operator at the mine, was more cynical about the protest. He called it another example of "White people and the federal government screwing the Indians again."

Jones stared disdainfully at a group of Native American political and religious leaders gathered to hear Babbitt.

"A lot of those Native Americans haven't worked a day in their life," Jones said. "They're just being used for the White people's agenda. They are all so concerned about the sanctity of the land, but they wouldn't hesitate to put us in the unemployment line. Are they going to come up with a

decent-paying job for us if the mine closes? Yeah, right."

Jones then pointed to the summit of Mount Humphreys. "They keep saying, 'Save the Peaks.' That's like 20 miles from here. We're not tearing down the mountain. We're not even in the mountains."

* * *

Reach the reporter at
Mark.Shaffer@ArizonaRepublic.com or (602) 444-8057.

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White House Details Strip Mining Stance

Mixed Position Taken in W.Va. Case

By BEN WHITE
Washington Post Staff Writer

The Clinton administration drew a mixed reaction from environmentalists yesterday as it weighed in officially for the first time on a controversial strip mining technique used in West Virginia in which the tops of mountains are blasted off to give miners access to valuable coal deposits underneath.

The administration detailed its position in a brief filed late yesterday in a case appealing the decision of a federal judge, who ruled last year that the practice violates federal environmental laws because waste from the blasted mountaintops is often dumped in nearby waterways, impeding water flow.

In its brief, the administration agreed with parts of the judge's ruling, including portions that could apply greater environmental scrutiny to mountaintop mining operations, but disagreed that the procedure should be curtailed entirely. The administration also argued that the court erred when it ruled that the mining practice should be regulated by the Environmental Protection Agency. The administration argued that the process should remain under the jurisdiction of the Army Corps of Engineers.

Environmentalists had little time to sift through the 55-page document last night but some said it appeared the administration might be attempting to allow mountaintop mining to continue through a Clean Water Act rule change.

"We hope that the administration's legal position helps protect the environment," said Courtney Cuff of the environmental group Friends of the Earth. "However, we will strongly oppose any effort to weaken the Clean Water Act."

With the appeals process set to drag on for months if not years, the immediate impact of the administration's position on the issue is likely to be political.

Last week, after it became clear the administration would issue at best a mixed brief on the subject, 21

environmental groups sent a letter imploring the White House to reconsider, and several environmentalists said Vice President Gore's failure to move the administration to a stronger stance in full opposition to the mining practice could hurt him with a key part of the Democratic coalition.

Few believe that many ardent environmentalists will switch their allegiance to Texas Gov. George W. Bush in the presidential campaign, but a less enthusiastic turnout for Gore among environmentalists could be damaging, particularly in critical swing states such as Florida.

Administration officials defended the brief yesterday, saying it reflected an attempt to strike a balance between protecting the environment by strengthening scrutiny of mountain waste disposal and protecting jobs in the West Virginia coal mining industry.

"They can engineer these mines to avoid dumping in intermittent and perennial streams," said Mike McCabe, acting deputy administrator at the Environmental Protection Agency. "That is really what this [brief] tries to get at."

The mountaintop mining issue began roiling political waters last fall after Chief Judge Charles H. Haden II of U.S. District Court in Charleston, W.Va., ruled in favor of a group of environmental activists and West Virginia residents who had sued the Corps of Engineers, saying it had allowed waste dumping to occur in violation of the Clean Water Act and the Surface Mining Control and Reclamation Act.

Sen. Robert C. Byrd (D-W.Va.), saying that banning the practice would cripple the coal industry and cost many West Virginians their jobs, threatened to attach extraneous language overriding Judge Haden's ruling to an appropriations bill.

The administration threatened to veto any such bill, pleasing the environmental community at the time, and Byrd ultimately dropped his effort.



NEWS SUMMARY

U.S. Department of the Interior

Office of Communications

PICK-UP IN ROOM 1063

FRIDAY, APRIL 14, 2000

THE NEW YORK TIMES

Slicing Off Mountaintops

Mountaintop removal is a type of coal mining, common in West Virginia, that requires exactly what its name suggests, the removal of a mountaintop to get at the coal seam lying beneath. The "overburden" — a mining engineer's term for the earth above the coal seam — is blasted and scraped away by enormous machines and dumped down the sides of the mountain into hollows and streambeds. This type of mining has the virtue of ruthless efficiency. It is highly mechanized, requiring relatively little manpower. But it also has the defect of ruthless efficiency. It buries streambeds and everything living in and around them in tons of rubble.

Last October Chief United States District Judge Charles H. Haden II ruled that the practice of mountaintop removal in West Virginia violated the provisions of the 1972 Clean Water Act, and he called for an end to the dumping of mining waste on streams that run for half the year or more. Judge Haden stayed his ruling until it could be appealed.

On Monday the administration may file a brief

in this case. Environmental groups believe that, if filed, the brief will side with the coal industry and compromise the Clean Water Act. At the same time, the Army Corps of Engineers and the Environmental Protection Agency are preparing a change in Clean Water rules allowing the Corps to redefine "fill material" in a way that would permit the continued destruction of mountain valleys.

This would create a momentous, unwelcome inconsistency. The Clean Water Act has been a centerpiece of this administration's environmental policy. Judge Haden's decision is reasonable and wholly consistent with the Clean Water Act. If the Justice Department supports the coal industry in its brief, it will create a precedent with nationwide consequences. It will demonstrate, virtually on the eve of Earth Day, that the Clean Water Act can be gutted if political pressure from a state fearing the impact on a local industry is strong enough. The Clinton administration needs to stand fast on its strong record of support for clean water.



NEWS

U.S. DEPARTMENT OF THE INTERIOR

Office of the Secretary
For Immediate Release
Nov. 12, 1999

Contact: Tim Ahern (202) 208-5089

BABBITT ORDERS NEW ENVIRONMENTAL STUDY OF IMPACT OF OIL DRILLING OFF CALIFORNIA; LEASE SUSPENSIONS TO CONTINUE

Secretary of the Interior Bruce Babbitt today ordered an environmental analysis of the impact of oil drilling off the central California coast and ordered suspensions for 36 pending leases in the area until the review is finished and until the Department of Interior receives input from California state agencies.

Babbitt outlined his actions in a letter to Sara J. Wan, chair of the California Coastal Commission.

On Aug. 13, Babbitt had granted a 90-day extension of suspensions on the 36 leases, which are overseen by the Minerals Management Service(MMS), an agency of the Interior Department. The 90-day suspension was to permit leaseholders to supply MMS with data about the impact on the environment of proposed activities.

In his letter to Ms. Wan, Babbitt noted that "because the lessees indicate that they will submit new or revised exploration or development and production plans for review, no drilling activity requested in such plans can be undertaken on the remaining leases" pending three steps:

- "Completion of an environmental analysis of the potential impacts associated with the proposed activity, including a cumulative impacts analysis that takes into account changed circumstances that have occurred since the original plan approval."
- "Disclosure of the lessees detailed plans regarding additional exploration and development activities that the lessees are hoping to pursue, so that authorities and the interested public will have full disclosure of the proposed actions in question."
- "The maximum review of such proposed actions allowed under all applicable laws and regulations, including, in particular, review by the California Coastal Commission of whether proposed actions are consistent with state requirements to the extent allowed by the Coastal Zone Management Act."

"Lease suspensions will be granted to allow sufficient time for completion of these requirements," the letter said. The Department of Interior estimates the process will take at least 13 months.

Babbitt noted that "we are taking these actions because they are consistent with our statutory and regulatory responsibilities." They also demonstrate appropriate deference to the concerns expressed by California officials on matters affecting California's environment. The Department shares the Commission's and the Governor's commitment to protect California's marine and coastal environment."

-DOI-

Sara J. Wan, Chair
California Coastal Commission
45 Fremont Street, Suite 2000
San Francisco, California 94105-2219

Dear Madam Chair:

I am writing as a follow-up to my August 13, 1999 letter to you regarding the potential development of 40 leases off the coast of California. As I explained in that letter, we share your concerns regarding the potential development of these leases, the majority of which were issued prior to the moratorium on offshore leasing in California that this Administration has honored since it took office.

On August 13, we concluded that 4 of the 40 leases in question did not qualify for further lease suspensions. Those leases have expired, although the lessees have appealed that action. As for the remaining 36 leases, we directed suspensions for a 90 day period to gather information so that we could better evaluate whether the passage of time, combined with changed circumstances regarding potential environmental impacts, should affect the nature and scope of Federal and State review of proposed lease-related activity.

We have completed a preliminary review of the lessees' responses to our request for information. Because the lessees indicate that they will submit new or revised exploration or development and production plans for review, no drilling activity requested in such plans can be undertaken on the remaining leases pending the following: (1) completion of an environmental analysis of the potential impacts associated with the proposed activity, including a cumulative impacts analysis that takes into account changed circumstances that have occurred since the original plan approval; (2) disclosure of the lessees' detailed plans regarding additional exploration and development activities that the lessees are hoping to pursue, so that authorities and the interested public will have full disclosure of the proposed actions in question; and (3) the maximum review of such proposed actions allowed under all applicable laws and regulations including, in particular, review by the California Coastal Commission of whether proposed actions are consistent with State requirements, to the extent allowed by the Coastal Zone Management Act. Lease suspensions will be granted to allow sufficient time for completion of these requirements.

The actions that I am announcing today have been requested at various points by the California Coastal Commission, the Governor of California, and by other parties who are concerned about the prospect of additional drilling in California's coastal waters. We are taking these actions because they are consistent with our statutory and regulatory responsibilities.

Sara J. Wan

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They also demonstrate appropriate deference to the concerns expressed by California officials on matters affecting California's environment. The Department shares the Commission's and the Governor's commitment to protect California's marine and coastal environment.

Please contact me if you have any additional questions or comments. We look forward to continuing to work closely with State officials on this important matter.

Sincerely,

Enclosure

cc: Governor Gray Davis

CALIFORNIA OFFSHORE LEASES

Background

The Department of the Interior, through the Minerals Management Service (MMS), issued 40 undeveloped offshore leases during the 1968 to 1984 period to interested bidders. These leases were issued prior to the offshore leasing moratorium that is now in place.

During the 1980s, lessees prepared exploration and development plans on a number of these leases. Based on these filings, MMS and the California Coastal Commission approved 22 Exploration Plans (EP) and one Development and Production Plan (DPP). Subsequently, the lessees drilled a total of 39 exploration wells on these leases.

Four of the 40 leases have expired, although the lessees have appealed that action. Lessees of the remaining 36 leases are requesting an opportunity to take the following actions:

- (1) Revise existing Exploration Plans to change the proposed location for drilling 6 new exploration wells in previously explored areas. These proposed wells are sometimes referred to as "delineation" wells. The lessees have indicated that they propose to drill these new exploratory wells using a mobile drilling rig.
- (2) Prepare a new Exploration Plan that would allow for the drilling of a new exploration well from an existing platform into the lease area known as the Cavern Point Unit.
- (3) Revise and/or prepare a new Development and Production Plan that would allow for the drilling of a new production well from an existing platform into the lease area known as the Rocky Point Unit.

The lessees have requested suspensions to prepare revisions and/or new Exploration Plans and Development and Production Plans. MMS's regulations allow for the granting of suspensions so that lessees can prepare EPs and DPPs which are then reviewed by the appropriate officials. See generally 43 U.S.C. 1340(c); 30 C.F.R. Part 250.110, 250.203 and 250.204. Suspension periods also are used to prepare environmental analysis required in connection with the proposed activity. See, e.g., 30 C.F.R. 250.110 (b)(4), 250.203(g); 30 C.F.R. 250.204(j). Finally, suspension periods typically allow time for full review of the proposed action by the appropriate federal and state officials. See generally 15 C.F.R. Part 930 (describing consistency review requirements). Under the Coastal Zone Management Act, the California Coastal Commission takes the state lead in reviewing new EPs and DPPs for "consistency" with state requirements. Revised EPs and DPPs also are reviewed for consistency if such revisions have the potential to result in a significant change in impacts that were previously identified and evaluated, or if a revised DPP proposes activities not previously identified. See 43

The Department is taking action today on the lessees' requests and is granting suspensions on the remaining 36 leases. The suspensions will provide an opportunity for the public to obtain detailed information regarding the lessees' specific exploration and development plans for the leases

in question; the suspensions also will facilitate environmental review of the proposed activities; and, finally, the suspensions will provide an opportunity for federal and state review of the proposed action under existing authorities. Each of these three consequences of the suspensions is discussed further below.

Full Disclosure of Proposed Drilling Activities

The lessees previously have provided general information about their requests to drill six new "delineation" wells, a new EP to drill one new exploration well into the Cavern Point Unit, and a revised DPP to drill a new development well into the Rocky Point Unit. On August 13, 1999, the Department requested that the lessees provide information regarding how they would propose to address a variety of issues associated with the proposed new drilling activities including, for example, the new distribution of the sea otter population and potential impacts of the Monterey Bay National Marine Sanctuary. The lessees responded by explaining that these issues, and others, would be addressed in new or revised EP and DPP documents that they were willing to prepare and submit to the Department.

The Department believes that the lessees should fully disclose the nature and scope of their proposed new drilling activities so that the appropriate officials, and interested members of the public, can fully evaluate such activities and determine whether such proposed activities comport with legal requirements. Accordingly, rather than take action based on the lessees' general statement of intent, the Department is today granting suspensions so that the lessees may prepare and submit detailed EP and DPP documents that will describe in detail their proposed activities in compliance with 30 C.F.R Part 250, Subpart B. Such documents also must describe, in particular, how the lessees intend to address the concerns raised by the California Coastal Commission, as set forth in the Department's August 13, 1999 letter. The disclosure of these detailed plans will provide a full record for public input and for regulatory decision-making.

Environmental Review

The Department requires that EP and/or DPP plans be accompanied by information on the environmental impacts of implementing the proposed plans. Based on this and other information, the Department will carry out its obligations under the National Environmental Policy Act (NEPA), including preparation of appropriate NEPA documents.

The Department wants to make sure that any potential area-wide environmental impacts

associated with the proposed drilling activity will be fully analyzed under NEPA. The Department also recognizes that any proposed drilling activity associated with these leases generates a great deal of public interest and controversy. Accordingly, the Department is granting a suspension that will allow for the preparation of an area-wide Environmental Impact Statement that will analyze all potential impacts associated with the proposed 6 new delineation wells, including potential cumulative impacts. Among other issues, the EIS will analyze in detail the environmental concerns that have been raised by the California Coastal Commission.

The Department also is soliciting input regarding the nature and scope of the environmental analysis that should accompany the proposed drilling activity at the Cavern Point and Rocky Point Units. The Department also recognizes that any proposed drilling activity associated with these leases generates a great deal of public interest and controversy.

The Department will undertake its environmental review in close coordination with its partner, the State of California.

In addition to undertaking environmental analysis under NEPA, the Department also believes that it is appropriate to initiate a consultation with the National Marine Fisheries Service regarding such proposed drilling activity under the Endangered Species Act, and to consult with NMFS on essential fish habitat under the Fishery Conservation and Management Act. The Department intends to move forward with these consultations at an early point in the suspension period.

Finally, the lessees will be expected to comply with all permitting processes required under the Clean Air Act and the Clean Water Act.

Review of Proposed Actions

As explained above, the Department will not permit any activities proposed in revised EPs or DPPs until environmental reviews have been completed. At that time, the Department expects to evaluate the lessees' requests under all relevant statutory and regulatory requirements.

In that regard, the California Coastal Commission has requested assurances that it will have an opportunity to undertake a "consistency" review of proposed drilling activities under the Coastal Zone Management Act. Although a final decision in this regard cannot be made until the lessees submit new or revised EPs or DPPs, thereby providing full disclosure of their requested actions, the Department intends to provide the Commission with the broadest review allowed by law.

In connection with the proposed activities at Cavern Point and Rocky Point, for example, the Department anticipates that the Commission will have an opportunity to undertake a full consistency review, insofar as those proposed activities must be addressed under a new EP and a revised DPP that are submitted to the Department for review. With regard to the proposed

revisions to existing exploration plans, to allow for the drilling of new delineation wells, the Department will provide the Commission with the maximum opportunity that the law allows for a consistency review. A final decision on the scope of that review cannot be made at this time, because it is dependent, in part, on the lessees' submittal of new or revised plans, which submittals will more fully disclose their proposed activities.

Suspension Period

In order to allow time required for the steps described above, the Department is granting the respective lessees the following suspensions:

Unit/Lease	Proposed Suspensions from 11/15/99
Rocky Point	19 months, to 6/1/01
Bonito	30 months, to 5/1/02
Cavern Point	32 months, to 7/1/02
Lease OCS-P0409	36 months, to 11/01/02
Santa Maria	36 months, to 11/01/02
Point Sal	36 months, to 11/01/02
Lion Rock	36 months to 11/01/02
Purisima Point	39 months, to 2/01/03
Gato Canyon	42 months, to 5/1/03
Sword	45 months, 8/1/03



NEWS

U.S. DEPARTMENT OF THE INTERIOR

Office of the Secretary
For Immediate Release: September 29, 1999

Contact: John Wright 202/208-6416
Celia Boddington 202/452-5128

Statement of Interior Secretary Bruce Babbitt Regarding the National Research Council's Report on Hardrock Mining on Federal Lands

"While we have not had an opportunity to review the report in detail, I note that the team of experts who prepared it unanimously agree that some important changes are necessary in existing regulations governing hardrock mining on federal lands. I view this report, which was commissioned by Congress, as an endorsement of my decision in January 1997 to complete a process, initiated in the Bush Administration, to revise these regulations.

"We will reopen the period for public comment on our proposed reforms for 120 days, to hear from affected interests regarding our rules and the Council's report. After we complete that consultation we intend to move forward with final rules that will respond to both public comment and the Council's report. I hope that the Council's recommendations will provide the basis for constructive dialogue with the Congress to build a consensus for putting needed reforms in place."

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NEWS

U.S. DEPARTMENT OF THE INTERIOR

Office of the Secretary
For Immediate Release: March 4, 1999

Contact: John Wright
202/208-6416

Secretary Babbitt Announces Plan to Reopen the Comment Period for Federal Oil Valuation Rule

Secretary of the Interior Bruce Babbitt today announced plans to reopen the comment period for the federal oil valuation rule. The Secretary explained that this decision was in response to many requests from Members of Congress and parties interested in moving the process forward to publish a final rule. Babbitt emphasized that the Department is seeking new, not-previously-considered ideas that can help move the process forward while still ensuring that the public receives fair value for production of its resources.

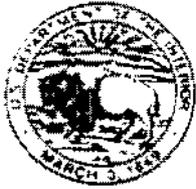
"A number of our constituents have appealed to us for the opportunity to submit new ideas to resolve remaining concerns surrounding the oil rule," said Babbitt. "This additional time for comments provides that window of opportunity."

The Secretary pointed out that while developing the rule over the last three years, the Department provided numerous opportunities for comments and reviewed many options to address the few remaining concerns. The new comments received during the reopened period will be evaluated based on the same criteria used to examine those previous options--simplification, efficiency of administration, adaptability to market conditions, and certainty for the lessees and lessor. Most important, the Department wants to ensure that the new proposals accurately reflect today's crude oil market so that the American taxpayer receives fair value for development of the public's resources.

A notice to reopen the comment period will be published in the Federal Register as soon as public workshop sites and dates can be determined. The comment period will remain open for 30 days.

The federal oil valuation rule establishes improved procedures for determining the value of oil produced from federal lands for purposes of calculating the royalties owed to the public.

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NEWS

U.S. DEPARTMENT OF THE INTERIOR

Office of the Secretary —
For Immediate Release: February 11, 1999

Contact: Lyn Herdt
202/208-3985

Interior Department Announces Plan to Use Royalty-In-Kind Oil to Refill Strategic Petroleum Reserve

The Department of the Interior announced today that it will assist in an Administration initiative to collect royalties-in-kind from companies producing oil from Federal leases in the Gulf of Mexico and transfer the oil to the Department of Energy to refill the Strategic Petroleum Reserve (SPR). The Interior Department's Minerals Management Service (MMS) usually collects cash royalties of 12.5 percent or 16.67 percent of the value of oil produced from these leases, but under this initiative it will collect the royalties in the form of oil (i.e., "in kind") rather than "in value."

"This is a very important energy initiative that will benefit the American people and our national security," said Interior Secretary Bruce Babbitt. "We look forward to working with the Department of Energy and our lessees to rebuild America's Strategic Petroleum Reserve."

Out of a total of about 1.1 million barrels of oil per day produced from Federal leases in the Gulf of Mexico, the Government's royalty share is about 160,000 barrels per day, of which up to 100,000 barrels per day will be dedicated to filling the SPR. The initiative will end once a total of 28 million barrels has been added to the SPR. The 28 million barrel quantity corresponds to the amount of non emergency sales from the SPR in recent years. MMS will continue to dedicate part of the royalty oil in the Gulf of Mexico to sales to small refiners under existing contracts and does not intend to divert to the SPR oil from the near shore leases from which the Federal Government pays 27 percent of the revenues to the adjoining states. MMS also will continue to collect royalties in value from some leases in the Gulf of Mexico to test new procedures under its royalty reengineering program.

"We want to ensure that the income generated from production of these public resources is put to good use, said Babbitt. "The President's budget calls for spending more of the income from these resources on preserving our natural heritage and supporting smart growth and green spaces. But we also were able to help out with this initiative to restore the SPR to its former level while minimizing the cost to the taxpayer."

Acting Assistant Secretary of the Interior for Lands and Minerals Management Sylvia Baca welcomed the opportunity to support this Administration initiative. "Especially given today's low oil prices, we are able to put oil into the SPR while still able to meet the Administration's other high priority initiatives."

The Minerals Management Service has initiated efforts to determine the specific leases from which it will accept the royalties in kind and will soon begin to notify producing companies so that they can make arrangements to deliver the oil to the Department of Energy. "We will work with our lessees and with the Department of Energy to ensure that this project progresses smoothly," said Baca.

The Department of the Interior emphasized, however, that this program is intended to address a temporary need to fill the SPR at a time of low oil prices and does not represent a continuing commitment either to collect royalties in kind or to dedicate royalty oil to fill the SPR.

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NEWS SUMMARY

U.S. Department of the Interior

Office of Communications

PICK-UP IN ROOM 1063

WEDNESDAY, FEBRUARY 10, 1999



Today's debate: Federal giveaways

Mining laws cheat taxpayers

OUR VIEW Stripping undeveloped land from firms a welcome move.

A laudatory decision last week by the Clinton administration to withdraw mining access to 430,000 acres of Montana wilderness has the industry fuming over lost wealth. To which the correct response is: tough.

Montana's Front Range is one of the last un-sullied ecosystems in the northern Rockies, a great drift of grassland and forest reaching from the Continental Divide to the Great Plains. Grizzly bears still range out onto the prairie; elk still forage the forests. What possible excuse is there for selling it at \$5 an acre?

The usual tired excuses just aren't convincing. Sure, mining creates jobs and taxes. But the industry doesn't need federal subsidies to do that. Indeed, given the industry's economic strength, the least it could do is pay a royalty on the resources it extracts. The gas and oil industry creates jobs and generates tax revenue, and invests in exploration and pays royalties and still makes a bundle.

More to the point, the land-grabs authorized by the anachronistic 1872 Mining Law are so outlandish that jobs and taxes are beside the point: Taxpayers are getting snookered.

In 1994, American Barrick Resources, a Canadian firm, purchased almost 2,000 acres

of public land in Nevada, containing an estimated \$10 billion in gold, for less than \$10,000. Since 1993, the government has been obliged to sell land containing an estimated \$15 billion in minerals for a pawk \$26,000. All told, 3.2 million acres containing an estimated \$230 billion in hard-rock minerals have been sold at \$5 an acre. Add the claims staked by prospectors and speculators, and more than 11 million acres of public land have either been bought at \$5 per acre or less, or claimed for \$25 upfront and \$100 annual rent.

For its part, the industry is worried less about a few mines in the Rockies than with the threat that other land will be similarly withdrawn. But what else can responsible stewards do? Lawmakers should be furious over the squandering of public wealth, but the industry invests heavily in Washington. In 1997 and 1998, it spent an estimated \$10 million on lobbying and political contributions. Result: Every effort to reform the mining law has failed.

After decades of playing cozy with developers, federal land managers have started to wise up. New rules to hold mining companies accountable for cleanups and to restrict logging roads are welcome attempts to rebalance resource use with conservation. But besides all that, this fight isn't about national security or economic stability or land-use theory. The only question here is: How much longer will the taxpayer be played for a sucker?



NEWS SUMMARY

U.S. Department of the Interior

Office of Communications

PICK-UP IN ROOM 1063

MONDAY, AUGUST 31, 1998

THE WASHINGTON POST

'Mountaintop Removal' Shakes Coal State

Cost of Prosperity Hits Close to Home

By JOBY WARRICK
Washington Post Staff Writer

KAYFORD, W. Va.—It took millions of years to build the rolling green mountain behind Larry Gibson's house. It took a few weeks and a crew of about 20 to tear it down.

First to go was the rocky crest, neatly decapitated one morning in a staccato of computer-synchronized blasts that shook the ground and turned the sky gray with dust. The rest was sheared away in 100-foot segments, like layers of a birthday cake, until most of the mountain was gone.

Now surrounding mountaintops are falling, each blasted into rubble to expose seams of coal buried inside. Gibson, who a year ago could stand in his family's hilltop cemetery and gaze up at higher peaks, climbed the same hill recently to look down on a new valley of flattened stumps. "God created these mountains," the 53-year-old ex-miner muttered. "Only God should be able to take them away."

Perhaps so, but in West Virginia these days the fate of the hills lies with coal companies and a practice known as mountaintop removal, a muscled-up form of strip mining that lops off entire peaks to recover the coal. Driven by increasing demand and ever-larger machines, the state's coal industry is embracing this controversial technology to stay competitive with cheaper coal imports from the West and overseas.

In two decades, with the state's approval, miners have shorn away dozens of mountaintops and combined with strip mining have altered an area larger than Fairfax



BY FRANK JONESTON—THE WASHINGTON POST

in West Virginia's southern coal region, mountaintops are blasted into rubble to expose seams of low-sulfur fuel; valleys are showered with waste.

County. Last year alone, the state granted permits for 20 new projects covering 20 square miles.

Environmentalists estimate that as many as half the peaks in the state's southern coal region could disappear in two decades. Meanwhile, more than 450 miles of stream beds have been buried beneath mounds of rubble that are deposited in valleys and hollows.

Defenders of the practice say it's not as bad as it looks. The coal industry contends that mountaintop removal is essential to keep mines running and miners employed in this heavily coal-dependent state. And while surface mines are never pretty, the industry spends millions of dollars to rehabilitate the land, sometimes cleaning up abandoned strip mines in the process. "We're committed to protecting the environment and respecting West Virginia's mountain heritage," said David Todd, a spokesman and vice president of Arch Coal Inc., the nation's largest coal company.

A succession of West Virginia governors and environmental regulators—some of them former coal company executives—also have defended the practice. The state's

economic development office argues that leveling mountains creates not just jobs but new commercial space, perfect for golf courses or shopping malls. "There's a great need in West Virginia for flat land," state Development Office deputy director Dana Davis told local reporters during a tour of one of the sites.

But opponents, including citizens groups and environmentalists, accuse the industry and its government allies of bartering away the state's birthright. Not only are priceless mountains and streams wasting away, they contend, so are dozens of Appalachian communities that are being bulldozed to make room for the mines.

Critics partly blame the federal government. Although the Environmental Protection Agency recently moved to freeze the permit of a mammoth mine, the chief U.S. coal mine enforcer has been slow to react to West Virginia's changing skyline, opponents charge. A review now underway at the Interior Department's Office of Surface Mining (OSM) is expected to yield recommendations for tightening the rules on mountaintop removal, top agency officials said last week.

That's not soon enough for Ken Hechler, West Virginia's independently elected secretary of state and an outspoken critic of the mining industry and its overseers. At a rally last month, he premiered his revision of the John Denver hit, "Take Me Home, Country Roads," the one that proclaims West Virginia to be "almost heaven."

"Almost level, West Virginia," Hechler sang. "Sheared-off mountains dumped into our rivers. Dark and dusty, blasting to the sky. Murdering our mountains, tear-drops in our eyes."

'Blue Sky Turns Dark'

Even when viewed from the air, the downsizing of West Virginia's southern highlands is astonishing in its scale. The biggest mountaintop projects encompass thousands of acres and multiple peaks, which are first stripped of trees and then gashed open in a demolition that turns verdant hills into a moonscape of rock and dirt.

Broddingnagian machines, called draglines, scoop boulders into buckets big enough to hold two dozen Ford Escorts. Giant drilling rigs punch rows of holes deep into the rock for blasting. The explosions are carefully timed to not only pry loose the overlying rocks but to project them down the mountain side for disposal. Blasts many times more powerful than 1995 Oklahoma City bombing kick up dust clouds and rattle buildings and nerves.

"When you start feeling the ground shivering you'd better hold on to something," said Gibson, a coal miner's son who has seen an entire ridge disappear behind his family's property in Kayford. "The pretty blue sky turns dark, and the next thing you hear is the rocks flying through the trees."

What remains after the blasting are the naked seams of coal, free of the rocky "overburden" and ready for loading into trucks. In West Virginia, each of the biggest projects can yield more than \$1 billion worth of high-quality coal, the fuel that produced 57 percent of the electricity used by Americans last year.

This is coal mining at its most efficient, and it's hardly new. Mountaintop removal has been around since the 1970s, not just in West Virginia but in Kentucky and Pennsylvania. Traditionally, coal

was chipped from the walls of underground mines or scraped from mountainside strip mines called high walls, a practice that today is tightly regulated. But occasionally companies would shear off a mountain peak to take in a fat seam, a practice that is explicitly permitted under federal mining laws.

New technology and changing market conditions gave mountaintop removal new appeal in 1990s, and nowhere more so than in West Virginia. Although the state's coal is considered some of the nation's finest—packing 50 percent more energy per pound but far less smog-causing sulfur than comparable reserves in the West—it is also difficult to get to. The bulk of it lies in narrow seams, hidden inside steep mountains already honeycombed with shafts from a century of mining.

Mountaintop removal has given West Virginia mines a way to improve their efficiency and stave off competitive threats from western states and alternative fuel sources such as natural gas. It has also helped smaller, traditional mines to stay in business. "Right now, the market would not support the old kinds of extraction," one industry spokesman said.

But not even the coal companies could have predicted that mountaintop removal would grow so quickly or provoke such controversy. In three years, the total acreage of mountaintop removal permitted by the states has increased from 1,000 acres to 12,000. And bigger mines mean more blasting, more rubble, and bigger potential threats to rivers and streams.

"The magnitude of these things is just amazing," said W. Michael McCabe, the regional EPA chief who has pressed for a federal review of the environmental consequences. "When you consider how many miles of streams have been already been filled—more than 450—this is clearly something we've got to address."

The coal industry contends it is been a careful steward of the state's natural resources. West Virginia mining companies have received multiple awards from the federal government for "reclaiming" or rehabilitating mine sites. On mountaintop projects, the flat-

tened hills are re-contoured into gently rolling slopes and seeded with grass and shrubs. Some sport man-made ponds to attract wildlife. While some stream beds are being filled, others are being cleared of acid drainage from old abandoned mines, industry officials said.

Arch Coal's Todd said company studies have shown that there is "no long-term impact" to water quality or wildlife from mountaintop mining. He calls on critics to "take the visual test," judging the projects by how they appear afterward. "We have people visit our reclaimed sites who oppose mountaintop mining and they ask us when the mining is going to start."

But industry critics provide a long list of problems, starting with the debasing of mountains many West Virginians hold sacred.

"It's like putting lipstick on a corpse," Hechler, the secretary of state, said of reclaimed mines. "You can't replace a mountain. And you can't build a Walmart if there aren't any people left."

Organized Opposition

Hechler is a snowy-haired populist with thick black spectacles and a passion for taking on the coal companies and their political allies. A veteran of the 1960s revolution that brought improved safety and health standards to the coal fields, he believes reform must again come from the hollows. "Thirty years ago it took a wildcat strike by the miners before something finally happened," he said.

Such broadly organized opposition has not yet materialized, but there are signs of a growing backlash against mountain removal.

Rallies against the mines are attracting hundreds of people in small towns where coal continues to be the chief employer. Opponents are motivated by a variety of collateral effects, including the dried-up wells, choking dust and cracked plaster from blasting.

Still others are distressed by the slow death of coal towns that are in the path of the mines. Scores of homes near mine sites have been purchased by coal companies, which find it cheaper to demolish the houses than contend with complaints. Longtime residents who agreed to sell cited fears that their homes would be worth less after the mining begins.

"We used to be 400 houses, now we're 70," said James Weekly, a disabled miner from Blair, a village on the fringe of a proposed 3,000-acre mine site. "One school has closed, the other is closing. The stores have closed. It's time for people to wake up, sir."

Weekly joined several neighbors last month in a lawsuit that blames federal agencies for failing to use their authority to stop the mines. The suit, filed in U.S. District Court in Charleston, seeks to halt "valley fills," the practice of dumping mine rubble into streams, on the grounds that it violates the federal Clean Water Act.

At least some federal officials share that view. McCabe, the EPA regional director, has frozen a proposed mining project near Blair because of potential damage to waterways. U.S. Fish and Wildlife biologists who studied the site this summer concluded that the mine would destroy five miles of headwater streams in a watershed that has already been severely degraded by mining.

"It has become clear that the policies on the state level are not adequate to deal with this," said McCabe, who is leading a task force of federal agencies to investigate mountaintop removal. "In our oversight capacity we have to take a closer look and either correct the problem or take it over."

Reclamation Remarks

Interior Secretary Bruce Babbitt, who has fought for mining reform since taking office six years ago, took a somewhat more charitable view during a visit to a reclaimed West Virginia mountaintop mine two years ago. Before a speech on mine reclamation, Babbitt surveyed the smartly landscaped plateau and declared it to be "in some ways a better landscape than it was before."

"It is a more diverse landscape—a savanna of forests coming back, of fields, of open spaces," Babbitt said.

A spokesman for Babbitt insisted the remarks were meant as an endorsement for "good reclamation," not for mountaintop removal in general. But the remark infuriated critics of the mines and reinforced a perception among some West Virginians that state and federal governments were apologists for Big Coal.

Mountaintop mining opponents accept as gospel that West Virginia's traditionally pro-coal political leadership has helped foster mountaintop mining. As industry critics frequently point out, Republican Gov. Cecil H. Underwood is a former coal company executive, and so is Michael Miano, his choice to head the state's Division of Environmental Protection, the agency with primary responsibility for policing coal mines. Coal interests contributed \$500,000 to Underwood's election campaign two years ago, and backed scores of other successful candidates for state and federal office.

Publicly, Underwood has pledged to protect both economic and environmental interests where coal is concerned. The coal industry employs 3.3 percent of West Virginia's work force, contributing \$2.6 billion a year to the state's economy. In a policy statement three weeks ago, Underwood noted that he didn't start the practice of mountaintop removal—and he didn't have the authority to stop it.

"If the federal government and our state legally allow this mining practice, I do not believe that West Virginia miners should be placed at a competitive disadvantage with miners in other states," he said.

Underwood did approve legislation that allows coal companies to bury up to 480 acres of stream beds with mine rubble without penalty—up from a previous 250 acres. He also drew criticism for naming prominent coal industry officials to a task force to study mountaintop removal. Of the 16 members, seven work for the coal industry as employees, lawyers, consultants or contractors. A spokesman for Underwood last week said critics should reserve judgment until the report is completed in December.

Also giving the practice a new look is OSM, the federal agency created two decades ago to oversee surface mines. Originally the chief regulator in most states, the OSM has delegated primary responsibility for enforcement to state governments in West Virginia and 24 other coal states. But changes in technology and mining practices have left the OSM and states at odds over how to interpret the 20-year-old Surface Mining Control and Reclamation Act, whose authors could not have envisioned the scale of the mountaintop projects underway today.

"The law says we can have mountaintop removal but it doesn't tell you how many valley fills is too many," said Kathy Karpan, a coal miner's daughter who has directed the OSM for the last 13 months.

The controversy has emerged at a time when the agency is redefining its mission. OSM has dramatically cut back its oversight of state-regulated mines, in part because of congressional budget cuts three years ago. The agency has halted solo environmental inspections in West Virginia, and the number of joint federal-state investigations has dropped from 470 in 1993 to 306 last year, according to the Washington-based Citizens Coal Council, a watchdog group.

While acknowledging the agency's response was probably late, Karpan says OSM is reviewing mountaintop mining practices and determining what changes in the law may be needed to control it. "We can't abolish it but we can draw the lines more carefully," she said. "The public has helped lead on this issue. We hear them, we appreciate their concerns and we'll do everything we can within the law to address them."

Administration officials say it is likely to be January or later before proposed changes in the rules are introduced. By then it may already be too late for dozens of sites, including Kayford's rapidly shrinking ridge.

Recent blasting has hurled truck-sized boulders onto the hilltop cemetery where Larry Gibson's family has buried its dead for two centuries. The hill itself is cracked in two places, and family members are worried that the cemetery will break apart and graves will be lost.

One tombstone that is perilously close to the edge memorializes Earl Williams, a 14-year-old who died in 1909. Randy Sprouse, a family friend who visits the cemetery frequently, noted the stone's richly ironic inscription as he walked among the graves.

"Earth has no sorrow that heaven cannot heal," Sprouse read. Then he added: "When they wrote that, they sure didn't know about this."



NEWS

U.S. DEPARTMENT OF THE INTERIOR

Office of the Secretary
For Immediate Release: July 9, 1998

Contact: John Wright 202/208-6416
A.B. Wade 202/208-3985

STATEMENT

Delay in New Oil Valuation Rule Costly to American Taxpayers

*Interior's Assistant Secretary for Land and Minerals Management,
Bob Armstrong released the following comments regarding a meeting
to discuss new oil valuation rules for federal and Indian lands*

"I believe today's meeting with Senators and oil industry executives was a positive one. It was a good opportunity for all parties involved to listen and to be heard. I used this opportunity to discuss the direction in which the Department is headed on the final oil valuation rule, and to convey the extensive efforts the Department has taken to address the legitimate concerns the industry has raised.

" We remain convinced that the new oil valuation rule will provide clearer guidance on the royalty obligations of oil companies that lease on federal lands. Our proposal is a fair one to the taxpayers, who deserve to receive fair value for the oil resources on public lands, and to the industry, whose shareholders benefit from the development of these resources.

"The Secretary and I remain steadfastly committed to the removal of the Senate rider and to issue this important rule by October 1, 1998."

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Note: Minutes of today's meeting will be posted on the MMS website by COB tomorrow and will be made part of the formal rulemaking record. All interested parties are encouraged to review the minutes and send any new comments to us by July 24.



NEWS

U.S. DEPARTMENT OF THE INTERIOR

Office of the Secretary
Guest Opinion Editorial (606 words)
For Immediate Release: May 11, 1998

Contact: John Wright
202/208-6416

The 1872 Mining Law: Legal Rip-Off of Public Resources

by

Secretary of the Interior Bruce Babbitt

One hundred and twenty six years ago, on May 10, 1872, President Ulysses S. Grant signed a federal Mining Law. Much of the West was still a frontier. The light bulb and the telephone had not been invented. Remarkably, despite enormous changes in almost every aspect of American life since then, that Mining Law remains on the books fundamentally intact. The situation would be laughable but for one thing. This antique is a complete bilking of the taxpayer, which will continue until Congress acts to end its outlandish giveaway of public resources.

Just think, a deed to federal land and all the minerals it contains for \$2.50- \$5.00 per acre. That's the price Congress set 126 years ago. It's the price mining companies still pay today for the right to mine billions of dollars worth of gold, silver, copper, platinum, and other hardrock minerals on America's public lands.

Since taking office as Secretary of the Interior in January 1993, the 1872 Mining Law has required me to deed away publicly owned resources valued at more than \$15 billion to private mining interests. In return, the hard working American taxpayer received a meager total of about \$25,000.

Under this old law, mining companies pay not one red cent in royalty to the United States. These companies and their defenders in the Congress have long argued that the industry cannot afford to pay royalties to mine minerals on federal land because the cost of doing so would shut them down.

Yet these same companies routinely pay royalties when they mine on land owned by states, by private citizens, or by foreign countries. Moreover, miners who extract coal, oil and gas from federal lands have, since 1920, paid the United States royalties of eight or 12 percent or more. The hardrock mining industry operating on federal lands is the great and glaring exception to this near-universal practice.

Hardrock minerals make a contribution to our economy, and I support a strong mining industry. But that does not justify maintaining a 126-year-old relic of a law that is an affront to the American taxpayer.

- more -

The Congress has paid lip service to the idea of reform. In 1995, it sent the President a bill that would have, for the first time, levied a royalty on federal hardrock mines. But it was so riddled with exceptions and deductions that Congress's own budget office calculated it would produce a laughable \$1 million per year from this entire multi-billion dollar industry. The President properly vetoed this proposal. Since then Congress has produced only talk, not action.

Along with such House champions as George Miller and Nick Rahall, retiring Senator Dale Bumpers of Arkansas has long been an articulate advocate of Mining Law reform. Senator Bumpers' bill would end the patenting process, require the industry to pay a reasonable royalty, and use the proceeds to help clean up more than a century of environmental pollution left by past hardrock mining activities.

I know that meaningful reform can provide the taxpayer a fair return on publicly-owned resources while maintaining a vibrant hardrock mining industry with its contributions to Western communities and the national economy. As we mark yet another anniversary of this last of the Robber Baron era public land laws still on the books, I can think of no more fitting tribute to Senator Bumpers' years of outstanding public service to the country than for Congress to end this giveaway.

- DOI -

CASPER STAR
Tribune
4/29

Old adversaries renew mining debate

Idaho Sen. Craig promises to bring bill to Senate floor



'Until Congress steps forward to enact meaningful reform of this law, I must continue to give away America's mineral resources for unfair return to the taxpayers.'

INTERIOR SECRETARY BRUCE BABBITT

By CHRIS TOLLEPSON
Washington, D.C. bureau

WASHINGTON — In an election year when debate on controversial policy issues has been noticeably absent, Sen. Larry Craig, R-Idaho, promised to shake things up Tuesday.

Craig, chairman of the Senate's Forest and Public Land Management Subcommittee, said he has the votes in the Energy Committee to approve mining reform legislation and bring it to the Senate floor for debate.

He vowed to force a vote on his bill to restructure the 1872 Mining Law de-

spite strong opposition from Interior Secretary Bruce Babbitt and the Clinton administration.

"Updating this noble old law should be a goal," Craig said. "I plan to take it to the floor, I find it important that the Senate get a chance to debate this issue."

The 1872 law, despised by environmentalists and fiscal conservatives alike, has allowed mining companies to claim title to federal land with valuable mineral deposits for as little as \$5 per acre. Once companies "patented" their claims, they could mine millions and sometimes billions of dollars in

gold and other minerals without paying any royalties to the public.

Craig's statements Tuesday, made at a hearing held to discuss his bill and other mining reform legislation, could push the Senate into a debate over the law at a time when its leadership is seeking to avoid high-profile environmental debates.

Senate Republicans, sensitive to polls that suggest the public's mistrust of their commitment to environmental protection, have been reluctant to consider environmental legislation dealing with subjects like

MINING: Babbitt says Craig's bill will continue abuses of old law

Continued from 'Wyoming'

reauthorization of the Endangered Species Act, grazing reform and forest management issues.

But Craig, joined by Nevada Democrats Richard Bryan and Harry Reid, said Babbitt's decision last year to proceed with administrative changes in mining regulations forced their hand.

"I have not seen any evidence that this regulatory initiative is needed, and I am troubled by the department's not-so-subtle efforts to rewrite the mining laws, a responsibility that should fall on Congress," Bryan said.

For the last three years, Congress has approved a moratorium on new claims under the mining bill. But the Interior Department has been forced to approve claims put in before the moratorium was imposed.

Babbitt, an outspoken opponent of the 1872 law, dramatized its effect by signing a patent for three claims during his testimony. Covering 62 acres on Prince of Wales Island in Alaska's Tongass National Forest, the claims cost a mining company about \$165. In return, the company will be allowed to mine mineral reserves of about \$80 million royalty-free, Babbitt said.

"Until Congress steps forward to enact meaningful reform of this law, I must continue to give away America's mineral resources for unfair return to the taxpayers," Babbitt said.

But Babbitt characterized Craig's bill as a piece of sham reform designed to perpetuate the worst abuses of the 1872 law. The current standoff is preferable to passage of the bill, Babbitt said, without threatening a presidential veto of the bill.

Babbitt threw his support behind legislation sponsored by Dale Bumpers, D-Ark., that would impose a 5 percent royalty on gross proceeds and impose reclamation fees on companies. But Craig promised that Bumpers' bills will never make it

out of his committee.

Bumpers, he said, "can have the chance to amend (Craig's bill) on the Senate floor, if he can," Craig said.

The Craig bill, which has also been co-sponsored by Energy Committee Chairman Frank Murkowski, R-Alaska, would grandfather existing mining operations and submitted claims under the old law. For new claims, it would require companies to pay a 5 percent royalty on net proceeds.

The mining bill's supporters characterized the net royalty as a way to earn a fair royalty return while allowing companies to deduct some of the high costs of mineral exploration. Unlike the gross royalty proposed by Babbitt and other mining reform proponents, the net royalty would allow companies to stay in business and employ thousands of workers.

But Babbitt said the 13 categories of deductions allowed by the bill contain at least 61 separate deductions, embracing "nearly every expense known to accountants."

"The potential for manipulation is great, and the auditing necessary to combat it would likely overwhelm the department," he said.

Reid, whose home state of Nevada contains the largest hard-rock mining operations on federal land of any state, defended the process of patenting claims. Unless companies have clear title to the land, they can't secure enough capital investment to develop the claims, he said.

"Patenting is a necessary way to secure title to property so that they can protect their investment," he claimed.

Babbitt was openly contemptuous of that claim, noting that

most other federal minerals including oil and gas, coal and soda ash, are extracted by companies that lease, not own, the land on which they operate. Those companies, he said, have no trouble attracting investment and securing loans.

"They don't own anything. They have a lease. There is question of any title uncertainty," he said.

Mining companies testified that with a worldwide drop in precious metals prices, they can't afford to pay the kind of royalties envisioned by Babbitt. Higher costs will only force companies to explore and produce minerals overseas, they said.



DEPARTMENT of the INTERIOR

news release

OFFICE OF THE SECRETARY

Contact: John Wright
202/208-6416

For Immediate Release: October 25, 1995

Statement of Secretary of the Interior Bruce Babbitt on the Closure of the U.S. Bureau of Mines

After 85 years of invaluable service, the U.S. Bureau of Mines will close this January. The Bureau was established in 1910 in response to tragic health and safety conditions in the nation's mines. Each year, thousands of workers were killed or injured in the mines, and thousands more condemned to illnesses as a result of prolonged exposure to dust, noise, and other hazards. In pioneering and award winning research and development, the Bureau has helped to detect and prevent fires, reduce silica and coal dust exposure, prevent mine cave-ins, reengineer dangerous practices and equipment, and train workers and companies to create a safer working environment.

Over the years, the Bureau contributed to the economic, military, and industrial strength of our country through improved mining methods and equipment, less expensive refining, and innovative metallurgical technologies. Other work in explosives, robotics, armor, and rescue equipment has benefited national defense and non-mining industries and applications. Because of Bureau research, energy and mineral resources have become steadily less expensive to obtain and use at the same time that the health and safety of the nation's miners has improved.

As environmental concerns increased, the USEM applied its expertise to mine-related problems and developed improved mine reclamation and remediation technologies, constructed wetlands to mitigate acid mine drainage, and found ways to remove selenium, arsenic, and lead from polluted waters. The Bureau has assisted the land management agencies in dealing with abandoned mines and mineral processing sites, helped the Department of Defense remove lead from soils around firing ranges, and helped the Department of Energy find new ways to deal with massive waste storage problems.

Data and information developed by the Bureau are used world-wide, and its analyses have played key roles in decisions affecting U.S. and global security, our competitiveness in world markets, and our dual commitment to economic growth and environmental protection. Bureau geologists have identified and

(more)

characterized many domestic sources of raw materials, and Bureau researchers have provided science, engineering, and analysis necessary for the sound management of public lands. Beginning before World War II and throughout the cold war, the Bureau has been a key contributor to defense preparedness through its expertise in the supply, production, and use of critical and strategic minerals."

As part of the appropriations process, the Congress voted to terminate all of the Bureau's programs within 90 days and to transfer some of the health and safety activities to the Department of Energy, and some of the information and analysis activities to the U.S. Geological Survey and the Bureau of Land Management. Almost \$100 million of the Bureau's 1995 programs and activities will be terminated, and 1200 of its employees will be separated.

The closure and transition plan is contained in the Continuing Resolution signed by the President, and we expect it to be in the final appropriations bill for the Department. Budget pressures force us to begin preparations for the closure and reductions in force, which we expect to be essentially complete in January. Bureau Director Rhea Graham has already established a task force and work groups to initiate and complete the many activities necessary to close a statutory agency. Her goal, and that of all who are working with her, is to accomplish that task as painlessly and professionally as possible, and to assist our employees transitioning to retirement, continuing their work, or securing new positions.

The employees of the Bureau of Mines have every reason to be very proud of their 85 years of service to our country. On behalf of the Administration, I want to express our appreciation for their many accomplishments. The outstanding work and accomplishments of the employees of the Bureau of Mines will continue to benefit the nation long after the doors of the Bureau are closed.

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DEPARTMENT of the INTERIOR

news release

Office Of The Secretary
For Immediate Release: December 13, 1995

Contact: John Wright
202/208-6416

The Interior Department Acknowledges The Distinguished Services Of The U.S. Bureau of Mines

The Department of the Interior paid tribute to the employees of the U.S. Bureau of Mines (USBM) today for 85 years of outstanding public service, and dedication to improving technology and protecting human resources.

"The Bureau of Mines has pioneered award winning research and developed technologies to improve life for the country in many areas, Secretary of the Interior Bruce Babbitt noted. "Their research and development helped to detect and prevent fires, reduce silica and coal dust exposure, prevent mine cave-ins, reengineer dangerous practices and equipment to create a safer environment. The Bureau has played key roles in improving and protecting the health and safety of mine operators."

At a commemorative ceremony in Washington, D.C., Secretary Babbitt and Departmental employees recognized the accomplishments of the USBM and expressed their appreciation for the Bureau's service and dedication.

Scientific data and technology developed by the USBM played major roles in decisions affecting national security, America's competitiveness in world markets, and the Nation's commitment to economic growth and environmental protection. The Bureau has also been a key contributor to the Nation's defense preparedness through its expertise in the supply, production, and use of critical and strategic minerals.

"As concerns for a cleaner environment grew, USBM applied its expertise to develop ways to improve mine reclamation, found ways to mitigate acid mine drainage, and remove selenium, arsenic, and lead from polluted waters," Babbitt said. "The USBM met the challenge and overcame many obstacles with professional results."

As part of the budget appropriations process, the Congress voted to terminate all of USBM programs in 90 days and to transfer some of the health and safety activities to the Department of Energy, some of the information and analysis activities to the U.S. Geological Survey and the Bureau of Land Management. Almost \$100 million of USBM 1995 programs and activities will be eliminated, and 1200 of its employees separated. The 90-day time line expires January 8, 1996.

"Science and technology programs are under attack by congressional Republicans," said Babbitt. "The employees of the Bureau of Mines have every reason to be very proud of their 85 years of service to the Interior Department and America. On behalf of the Administration, I want to express our appreciation for the Bureau's distinguish service and many outstanding accomplishments. Thank you for accepting the challenge, your contributions are investments that will continue to pay dividends for years to come."

The USBM was founded in 1910 after a series of mine disasters claimed the lives of thousands of mine workers. The Bureau operated in recent years as a scientific research and information agency designed to solve health and safety problems that threaten the lives of miners, and communities near mining operations. Beginning before World War II and throughout the cold war, USBM has been a major contributor to decisions regarding the country's national defense and military readiness.

According to the closure and transition plan, the facilities and offices being closed are located at:

- Western Field Operations Center (Spokane, WA)
- Reno Research Center (NV)
- Salt Lake City Research Center (UT)
- Denver Research Center (CO)
- Tusculoosa Research Center (AL)
- Rolla Research Center (MO)
- Twin Cities Research Center (MN)
- Headquarters (DC)

Programs being discontinued as a result of the USBM closure include pollution prevention and control, environmental waste remediation, minerals land assessment and minerals availability.

The USBM health and safety research program will be transferred to the U.S. Department of Energy. The Bureau's information analysis activities will be transferred to the U.S. Geological Survey, and Mineral Land Assessment in Alaska will transferred to Bureau of Land Management, both are agencies of the Interior Department.

The administration and management of the helium program will revert to the Secretary of the Interior until its proposed privatization is completed by 1997.



NEWS

U.S. DEPARTMENT OF THE INTERIOR

OFFICE OF THE SECRETARY

FOR IMMEDIATE RELEASE
February 7, 1996

Stephanie Hanna (O) 302/219-6416

MEDIA ADVISORY

DEPARTMENTS OF INTERIOR AND ENERGY TO ANNOUNCE CHANGES IN POLICY AND REGULATIONS FOR HEAVY CRUDE OIL IN CALIFORNIA

Bob Armstrong, Assistant Secretary of the Interior for Land and Minerals, and Kyle Simpson, Associate Deputy Secretary of the Department of Energy, will discuss new policy and regulatory changes for California heavy crude oil royalties on Thursday, February 8, at the Department of the Interior.

Their media availability will be held in room 7118 of the Main Interior Building, 1849 C Street N.W., beginning at 10:00 a.m.

Albert "Pete" Boyce, President of the California Independent Petroleum Association, and Denise Bodie, President of the Independent Producers Association of America, will also attend.

The availability will be open to all members of the media with identification.

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NEWS

U.S. DEPARTMENT OF THE INTERIOR

For Immediate Release
February 2, 1996

Contact: Della Bandyagin
Phone: 202-453-6122
Stephanie Hanna
Phone: 202-208-6416

ROYALTY RELIEF FOR HEAVY CRUDE EXPECTED TO INCREASE DOMESTIC PRODUCTION

A royalty rate reduction for "heavy" crude, which will boost domestic oil production, was announced today by the Department of Interior's Assistant Secretary for Land and Minerals, Bob Armstrong and C. Kyle Simpson, the Department of Energy's Associate Deputy Secretary of Energy.

The Bureau of Land Management has published the final rule in today's *Federal Register*. It establishes the conditions under which wells that produce "heavy" oil (crude oil with a gravity of less than 20° API) can obtain a reduction in the royalty rate.

"Today's rule demonstrates this Administration's continued commitment to a sound domestic energy industry, which was outlined in the President's December 1993 *Domestic Natural Gas and Oil Initiative*," Armstrong added. "By reducing royalty rates for heavy crude, everybody wins."

"I welcome the final rule," said Acting BLM Director Mike Dombeck, "which will bring marginal or uneconomic wells back into production and, in the long term, increase revenues for the taxpayer."

The rule is the result of extensive cooperation between the Departments of Interior and Energy. "This interagency cooperation," noted C. Kyle Simpson, Associate Deputy Secretary of Energy, "is another example of this Administration's commitment to common sense government that costs less and benefits everyone."

Heavy oil production, from both federal and non-federal lands, makes up approximately one third of production in the lower-48 states. According to Department of Energy forecasts, the rule will benefit all heavy oil producers on federal land, the majority of whom are in California. In California, the rule is expected to increase recoverable reserves by up to about 70%--from approximately 133 million barrels to 229 million barrels.

BLM issued the final rule following comments received on the proposed rule published March 30, 1995. The agency received a total of 209 comments, and the overwhelming majority supported the proposed rule. Under the rule, royalty rate payments for qualifying heavy oil will be reduced on a sliding scale from 12.5% for 20 API gravity crude to a minimum of 0.5% for 60 API gravity crude. The rule will take effect thirty days after the date of publication.



NEWS

U.S. DEPARTMENT OF THE INTERIOR

OFFICE OF THE SECRETARY

For Immediate Release
April 16, 1996

Stephanie Hanna 202/208-6416
Tom Gorey 202/452-5031

SECRETARY BABBITT DIRECTS BLM TO IMPROVE OIL AND GAS UNITIZATION PROCESS

Interior Secretary Bruce Babbitt today directed the Bureau of Land Management to improve the existing Federal and Indian oil and gas unitization process so that it better serves the public, Native American mineral owners and industry.

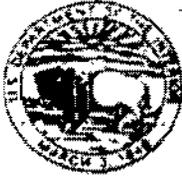
"The current unitization process is complex and inflexible," Babbitt said. "That's why I am directing the BLM to re-engineer the process in a way that promotes environmentally sound development while reducing administrative burdens on the oil and gas industry." Unitization is the process whereby most or all affected parties join in the development of an entire gas or oil reservoir or field -- in contrast with each party developing its own tract independently. Unitization, which results in fewer wells being drilled to develop oil and gas resources, allows for more efficient development and less disturbance to the environment.

Babbitt said his order "advances the cause of reinventing government, as called for by Vice President Gore's National Performance Review. The Vice President's initiative is aimed at creating a government that works better at less cost, and that's exactly what my order is intended to achieve."

Babbitt's order (No. 3199) authorizes the BLM to waive various unitization paperwork requirements where such waivers will not hurt the interests of the general public or Native American mineral owners. The BLM, an agency of the Department of the Interior, will review its experience with the new process and will then develop a new rule that incorporates the re-engineered process. The BLM will develop the rule with input from industry, State and Tribal governments, and environmental groups. (The Secretarial order does not prevent any oil and gas operator from continuing to use the existing unitization process, if so desired.)

Babbitt issued his order under the authority of the Mineral Leasing Act of 1920, as amended. The Interior Secretary's order takes effect immediately.

--DOI--



NEWS

U.S. DEPARTMENT OF THE INTERIOR

OFFICE OF THE SECRETARY

FOR IMMEDIATE RELEASE
April 30, 1996

Stephanie Hanna (O) 202/208-6416

"A BILLION HERE, A BILLION THERE...."
**OUTDATED MINING LAW FORCES INTERIOR SECRETARY TO GIVE AWAY
BILLION DOLLAR PROPERTY TO MINING COMPANY**

Secretary of the Interior Bruce Babbitt once again been forced to sign away title to valuable public resources, this time with an estimated value of one billion dollars, as required by the Mining Law of 1872.

"As ridiculous as it seems to hard-working Americans paying their fair share in taxes, this Congress continues to allow mining companies to receive title to public land worth billions of dollars in mineral resources, and not pay one cent in royalties. Since I have been Secretary, I have been forced to give away more than \$15 billion dollars in mineral resources."

In this case, 373 acres located in Humboldt County, Nevada, are being conveyed to Gold Fields Mining Corporation for \$1,865, based on a formula of \$5.00 per acre in the 1872 Mining Law. The land has been purchased by Santa Fe Pacific Gold Corporation. The land is estimated to contain subsurface gold worth one billion dollars.

Babbitt laid the blame for the ongoing giveaway of public wealth squarely on the Congress. "If there were a way I could change the 1872 Mining Law to stop this hemorrhage of public resources without compensation, I would do it immediately," he said. "Unfortunately, Congress knows that I must obey this antique law and, in fact, has just ordered me to move even faster in pushing patents out the door. At the same time, they allow their special interest lobbyist friends to draft sham mining law reform, which they then try to sneak into law under the guise of a budget bill. Fortunately, the President saw through it, and vetoed that bill back in December."

Babbitt reiterated his strong support for genuine reform of the Act. "Republicans in this Congress put out smoke-screen reform talking about fair market value, but only for the surface of the land. Is \$22,000 fair payment to the taxpayers for one billion dollars in public mineral resources? Perhaps slightly

less ridiculous than \$1,865, but a long way from fair. That's what this mining company would pay for its patent under the Republican sham mining reform proposal."

The Department of the Interior has consistently supported reform of the 1872 Mining Law that rested on four key elements:

- o Abolish the patenting system that has caused more than \$15 billion in public mineral resources to be conveyed into private hands in just the past three years, and much more than that over the Mining Law's 124-year life.

- o Protect the environment by assuring reclamation of mining operations through pre-approved plans for reclamation of the mined land and adequate financial assurance that the reclamation will occur.

- o Require claimholders to pay reasonable royalty rates similar to those paid by mining operators on state or private lands.

- o Pay an annual claim maintenance fee, similar to fees now part of temporary budget bills, that curbs speculative mining practices without being burdensome to small mining operators.

"This represents a common-sense approach that would provide fairness for all Americans whose resources are now being given as little as \$2.50 cents an acre," Babbitt said. "It would also provide direction and certainty for mining operators who continue to live in a limbo of Congressional smokescreens and inaction."

"In recent years, legislation that contains the needed elements has been introduced in Congress, and in 1994 a genuine effort at mining reform was passed by both the House and Senate before getting bogged down in conference," he continued. "I challenge Congress to act in the best interest of all Americans instead of the best interest of a few corporate contributors in the mining industry."

-DOI-

* "A billion here, a billion there, and pretty soon you're talking about real money."

Everett M. Dirksen (R-IL)
former Minority Leader, U.S. Senate

A radio message from Secretary Babbitt announcing the patent signing can be heard by calling 800/521-3370.



NEWS

U.S. DEPARTMENT OF THE INTERIOR

OFFICE OF THE SECRETARY

For Release: May 1, 1996

John Wright (202) 208-6416
jwright@ios.doi.gov

BABBITT BLASTS BILLS TO BLOCK ENFORCEMENT OF STRIP MINE RECLAMATION STANDARDS

Secretary of the Interior Bruce Babbitt today condemned efforts in Congress aimed at curbing federal authority to enforce the Surface Mining Control and Reclamation Act on a back-up basis in states where Interior-approved enforcement programs are in place.

"Here they go again," Babbitt said, referring to proponents of S.1401. "They're pretending to promote cost-cutting and getting rid of duplication while their real aim is back-door repeal of the national strip-mine reclamation law."

"Despite the growing number of Republicans who recognize the importance of environmental protection, this is just one more sad installment in an all-too-familiar Congressional attack against the environment," Babbitt said. "As if championing dirty water and espousing polluted air weren't bad enough, now they're trying to gut the surface mining act."

S.1401 (and H.R.2372, its companion bill in the House) were introduced to take away from Interior's Office of Surface Mining Reclamation and Enforcement (OSM) the authority to write federal enforcement actions against surface mining violations when state regulators do not act, and to weaken other environmental protection measures in the surface mining act.

Babbitt said back-up federal enforcement authority is at the heart of the Surface Mining Control and Reclamation Act. "Coalfield citizens frequently cite the presence of federal inspectors in their neighborhoods as one of the most important benefits they get from the surface mining law," he said. "That's what they count on to make the coalfields good places to live, work, farm, and raise families."

"Understandably, people value clean air, clean water, land reclamation, and environmental protection laws like the surface mining act that are strong and fair," Babbitt said. "The surface mining law works. It's got to be defended against these attempts to repeal the back-up enforcement authority that's been the key to its success."

(more)

Removing federal back-up enforcement authority also takes away Interior's flexibility in resolving problems with state surface mine regulators, Babbitt said.

"Without back-up enforcement authority in individual cases, the only remedy Interior has left when a state doesn't do its job is revoking the state's surface mining program altogether," Babbitt explained. "That's just too inflexible. It's too drastic, compared with the current system, which works."

"These mischievous bills would undermine the progress made so far in the development of quality state surface mining programs," Babbitt said. "Without the enforcement tools these bills seek to destroy, the quality programs the states have developed simply would not exist."

Babbitt warned: "If federal back-up enforcement authority is lost, expect to see the coal industry urging the states in a headlong 'race to the bottom' to weaken their surface mine enforcement and environmental protection programs. Environmental quality will be sacrificed to economic competition and the push for jobs. The level playing field we've established will tilt steeply against protection of the environment."

Although federal back-up enforcement authority is not frequently used, its availability helps motivate state regulators to enforce the law consistently while assuring coalfield residents that they can take their complaints about surface mining violations to federal regulators if necessary, Babbitt said.

"The claim of federal-state 'duplication' and 'second-guessing' of state inspectors is a sham," Babbitt said. "The true aim of these bills is to take a system that works and break it."

Babbitt noted that OSM Director Robert J. Uram will testify in opposition to S.1401 on May 2, 1996, before the Forests and Public Lands Subcommittee of the Senate Committee on Energy and Natural Resources.

-DOI-



NEWS

U.S. DEPARTMENT OF THE INTERIOR

DEPARTMENT OF THE INTERIOR

For Release: July 2, 1996

Celia Boddington 202-452-5128

Stephanie Hanna 202-208-3171

INTERIOR DEPARTMENT AND WESTERN GOVERNORS JOIN FORCES TO CLEAN UP ABANDONED MINE SITES

The restoration of abandoned mine sites is the focus of a future partnership between the U.S. Department of the Interior (DOI) and the Western Governors' Association (WGA), Deputy Secretary John Garamendi announced today. The effort, called the Western Mine Restoration Partnership, will expand on collaborative work now underway to clean up watersheds affected by hard rock mine drainage. The partnership will also address public safety hazards and identify effective clean-up technologies. All DOI agencies are involved in the partnership, along with the Environmental Protection Agency, the Forest Service, numerous State and Tribal governments, the mining industry, local watershed associations and conservation groups.

"Our Western Mine Restoration Partnership is another step in mitigating decades of environmental damage caused by abandoned mines," said Garamendi. "Cleaning up degraded watersheds is good for the environment and for the growing communities of the West that depend on clean water. This is another example of how environmental restoration serves the public."

Mike Dombeck, Acting Director of the Bureau of Land Management, welcomed the project, saying, "When we work together to clean up abandoned mine sites, we are meeting our commitment to ensuring public safety. We are also protecting fish and wildlife habitat, which provide hunting, fishing and other recreational opportunities that benefit small businesses throughout the West. Our Western Mine Restoration Partnership means clean water, and clean water translates into economic opportunity."

(more)

"The problems posed by abandoned mine lands are bigger than any single agency or institution," said Robert Uram, Director of the Office of Surface Mining. "But our experience with the Appalachian Clean Stream Initiative has shown that through collaboration, we can make real progress in mitigating abandoned mine sites. "We've found that at a time when funding is scarce, we can maximize our resources by getting Federal and State agencies and private partners to work together."

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NEWS

U.S. DEPARTMENT OF THE INTERIOR

Office Of The Secretary
For Immediate Release: September 11, 1996

Contact: John Wright
202/208-6416

Babbitt Says It's Time To Fix The 1872 Mining Law *The antiquated law passed by President Grant is a poor return on the nation's natural resources*

Secretary of the Interior Bruce Babbitt today signed two mining patents under the archaic mining law of 1872. The first patent covers 100 acres (5 lode claims) to be awarded to Magma Copper Company, at its superior mine in Arizona. The second patent awarded to N.B. Tweet & Sons, is a group of 58 placer claims, totaling about 1,071 acres, 95 miles north of Nome, Alaska, on the Steward Peninsula.

"Once again I'm being forced to give away the American public's hard earned heritage," said Babbitt. "Under the 1872 Mining Law, with the stroke of a pen, I must transfer 56 million dollars worth of copper for just five hundred dollars. That's five dollars per acre. That's the law. That's an outrage."

Under the 1872 Mining Law, the Magma Copper Company will pay \$500 for an ore body of copper (with some associated gold and silver) with a gross estimated value of \$56.5 million. The mine is part of a producing underground mine that has been in production off and on since 1911.

N.B. Tweet & Sons will pay \$2,800 (\$2.50 an acre) to mine gold ore with a gross value estimated to be nearly \$40 million. Gold has been produced from this area since the turn of the century.

"With the strong support and leadership of President Clinton, we can pass a real mining reform that restores and protects our watersheds and that gives taxpayers a fair return on their rich national legacy. Let's end the giveaway right now," Babbitt said.

The 1872 Mining Law passed when Ulysses S. Grant was president, forces the Interior Secretary to give away billions of dollars worth of gold, platinum, copper, silver and other hardrock minerals. Since taking office in January 1993, Secretary Babbitt signed 29 mining patents, with mining companies paying the taxpayers \$25,000 for publicly owned resources valued at over \$15 billion.

- DOI -

A radio message from Secretary Babbitt announcing the mining patents can be heard by calling 800/521-3370.

Assistant Secretary Frampton added one sad note about today's event. "At about the same time today that Secretary Babbitt and others announced the achievement of the final target solution in Seattle, John P. Christiano, Chief of the National Park Service's Air Resources Division and a prime negotiator of this target solution, passed away in Denver as a consequence of injuries suffered in a motor vehicle accident last week in Denver. Mr. Christiano's sharp mind, technical expertise, and deep sense of fairness played a major part in the bringing the target solution to realization. He cared deeply about national parks, and he committed his life's work to reducing air pollution's adverse effects on the public health and environmental resources. Our thoughts and prayers are with John's family and many friends."

-DOI-



NEWS

U.S. DEPARTMENT OF THE INTERIOR

OFFICE OF THE SECRETARY

For Release: Embargoed Until 11:30 a.m. PDT
December 3, 1996

Contact: Paul Bledsoe
202/208-6416

SECRETARY BABBITT JOINS PACIFICORP, WASHINGTON STATE, AND OTHER PARTNERS IN ANNOUNCING "FINAL TARGET SOLUTION" TO CUT POLLUTION FROM CENTRALIA POWER PLANT

Secretary Babbitt joined PacificCorp and other members of the "Collaborative Decision Making" group today in Seattle to announce the group's "final target solution" for substantially reducing air emissions from the Centralia Power Plant. The group's recommendations, if adopted by the Southwest [Washington] Air Pollution Control Agency after a public process, would require--

- full scrubbing to remove 90% of the plant's sulfur dioxide (SO₂) emissions by the end of 2002;
- an annual SO₂ limit of less than 10,000 tons per year beginning in 2003;
- low nitrogen oxide (NO_x) burners on both boilers by the end of 2002;

While achieving large emission reductions, the group's recommendation would also enhance the viability of the power plant and associated coal mine, which employ approximately 700 people in the small town of Centralia, Washington.

In Washington, D.C., Assistant Secretary for Fish and Wildlife and Parks George T. Frampton, Jr. said, "This achievement demonstrates again the value of bringing parties to the table who are willing to invest the necessary effort to search for that common ground on which compelling environmental and economic needs can be reconciled. The plant owners, the National Park Service, the U.S. Forest Service, the U.S. Environmental Protection Agency, and the State of Washington have found that common ground for the Centralia Power Plant, and the public health, environment, and economy of the Pacific Northwest will benefit from their efforts. The accomplishment of this Collaborative Decision Making Group marks the most recent chapter in the Clinton Administration's efforts in the Pacific Northwest to work through difficult environmental issues and reach constructive solutions."

-more-

For the past eleven months, the Collaborative Decision Making group has held long and exacting discussions to seek a solution that will benefit the resources at Mount Rainier National Park, adjacent-United States Forest Service Wilderness areas, and other park and wilderness areas in Western Washington. The group established a goal of determining pollution control options that would both satisfy the environmental needs of park and wilderness protection and the economic realities facing the owners and workers of the Centralia Power Plant and Mine. The group also sought to avoid adversarial alternatives that typically consume inordinate time and resources without achieving long-lasting solutions.

On September 16, 1996, the Collaborative Decision Making group announced a "proposed target solution" that would have required PacifiCorp to install the two SO₂ scrubbers by 2007. Today's "final target solution" improves upon the proposed solution by requiring installation of both scrubbers by the end of 2002, while lowering certain costs. The solution includes a reasonable state tax package that will enable the plant owners to implement the requirements.

The Department of the Interior believes the recommended reduction in emissions will alleviate the Department's concerns about the Centralia Power Plant's contribution to adverse impacts to resources at Mount Rainier National Park, and will reduce visibility and acid deposition impacts at Class I park and wilderness areas throughout the Pacific Northwest. These emission reductions will also have multiplying benefits for regional public health and environmental resources.

The Department of the Interior looks forward to the Southwest Air Pollution Control Authority's carrying today's final target solution through the required legal process. The Department encourages continued public review and comment on the target solution to assure that all relevant issues and opinions are adequately considered in formulating a final Regulatory Order. In addition, the Department asks the Governor and state legislature to consider carefully the tax relief package PacifiCorp and the other owners have proposed as a key component of the final target solution.

The Department views the CDM process and the final proposed solution as a positive step towards protecting the air quality of the Pacific Northwest and the natural resources of Mount Rainier National Park. The Department commends all the participants in the process for their work in developing this target solution. At the same time, the Department recognizes that the Centralia plant is only part of the solution, and we look forward to working with the State of Washington to address the larger regional air quality issues.



NEWS

U.S. DEPARTMENT OF THE INTERIOR

Office of The Secretary

For Immediate Release: December 4, 1996

Contact: John Wright

202/208-6416

Babbitt Signs Five More Patents Under Antiquated Mining Law

*The 1872 Mining Law privatizes valuable federal mineral deposits
for a couple of bucks per acre*

Secretary of the Interior Bruce Babbitt today announced the signing of five patents as required under the 124 year old law that regulates the mining of gold, silver, platinum, copper, and other hardrock minerals on public lands. Under the 1872 Mining Law, Babbitt signed deeds to 374 acres of public land with recoverable resources worth more than \$17 million for a meager \$978.42.

The 1872 Mining Law, signed by President Ulysses S. Grant and effective today, allows patents for hardrock minerals on public lands to be mined for \$2.50 or \$5 per acre. "This antiquated law is severely outdated," said Babbitt. "Congress can, and should work to bring the 1872 law in line with current fiscal, environmental and technological realities."

The five patents are small in comparison to others Babbitt was forced to sign that gave international mining companies the authority to mine billions of dollars of America's mineral resources for only \$2.50 per acre. The patents signed today are for six sodium bentonite associational placer claims totaling 340 acres of federal land in Colorado, one placer gold claim totaling 16.46 acres of federal land in Oregon, and one gold and silver lode claim totaling 17.45 acres of federal land in California.

The three patents for sodium bentonite issued in Carter County, Colorado, contain a gross value of recoverable resources estimated at about \$13 million. The federal government was paid \$850 for the rights to mine the 340 acre tract.

The patent issued in Willowa-Whitman National Forest, Baker County, Oregon, contains a gross value of gold estimated at about \$200,000. The funds received by the federal government for the 16.46 acre tract is \$41.15.

The patent for gold and silver deposits in the Toiyabe National Forest, Mono County, California, contains a gross value of recoverable resources estimated at \$4.4 million. The funds received by the federal government for the 17.454 acre tract is \$87.27.

Most mineral resources extracted on public lands, such as natural gas, oil, and coal, require miners to pay a royalty based upon production. Gold, silver, copper, and other hardrock

- more -

minerals are exempted by the 1872 Mining Law. "I am not anti-mining, but I am against this 124 year old law that has outlived its usefulness," Babbitt said. "It is time to end the outlandish giveaways under the 1872 law."

Since taking office in January 1993, the Mining Law has required Secretary Babbitt to sign 32 mining patents deeding away publicly owned resources valued at over \$15.3 billion, for a total payment to the federal taxpayers of a few thousand dollars.

- DOI -

Nevada officials battling Babbitt over mining laws

By Paul Kane
SUN CORRESPONDENT

WASHINGTON — Nevada Gov. Bob Miller Tuesday tried to jumpstart stalled legislation to reform the nation's 126-year-old mining laws, warning that without reform a cloud of "uncertainty" will continue to cripple Nevada's second largest industry.

But Interior Secretary Bruce Babbitt, testifying before the same Senate committee, flatly rejected the industry-backed bill supported by Miller, Nevada Sens. Harry Reid and Richard Bryan, both Democrats, and other Republican leaders.

"This proposal, in our judgment, falls far short of the mark," Babbitt told the Senate Energy and Natural Resources Committee. "We would prefer no legislation at all."

With the two sides still far apart on critical issues, chances for passing comprehensive mining reform appear bleak for this congressional year, which has been shortened because of midterm elections in the fall.

Combined with the plummeting price of gold, Miller said congressional inaction would further cripple an industry that has already slashed 630 jobs in Nevada the past four months.

Worse yet, he said, are the reform proposals supported by environmentalists.

"These bills threaten the survival of one of Nevada's mainstay industries, an industry which is critical to the economic health of many rural communities," Miller said.

Mining supports 13,000 Nevada jobs at an average annual salary of \$15,000.

The industry-supported bill would force mining companies to pay fair market value for the federal land used in mining, not the \$5 an acre they are currently charged under the 1872 law. It would also impose a 5 percent royalty on net proceeds, allowing companies to deduct expenses incurred during production. All funds from the royalty would go into a fund for cleaning up abandoned mines — the one area where environmentalists and the industry see eye to eye.

Supporters of the bill include influential Sens.



Gov. Bob Miller



Bruce Babbitt

Frank Murkowski, R-Alaska, chairman of the committee, and Larry Craig, R-Idaho, chairman of the public lands subcommittee, who claimed to have enough support to pass the bill.

But Babbitt vowed a presidential veto of the legislation, saying the Murkowski bill still gives away too much land value to miners. To illustrate his point, Babbitt signed three deeds to mining claims on 62 acres of federal land in Alaska before the committee, saying the company will have to pay only \$155 for the rights to mine the land.

Even under the Murkowski bill, which charges a "fair-market price" on the value of the surface of the land and nothing for the value of the minerals, the mining company would pay about \$62,000, Babbitt said. That's a shockingly low price, the secretary said, for land valued at \$80 million when the minerals were included.

Another big sticking point is Murkowski's royalty fee, which charges mining companies 5 percent of all "net" proceeds from the sale of minerals, allowing companies to deduct expenses in extracting the gold, silver and other hard-rock minerals. But Babbitt argued that Murkowski's bill allows for too many deductions.

"The department cannot support this bill, and I would recommend to the president that he veto this bill," Babbitt said.

NEWS CLIPS.....

THE NEW MEXICAN ALBUQUERQUE, N.M., APRIL 11, 1994

NMSO, OFFICE OF EXTERNAL AFFAIRS

Babbitt criticizes 125-year-old mining law

The Associated Press

WASHINGTON — Interior Secretary Bruce Babbitt said Tuesday a largely Republican proposal to reform a 125-year-old mining law could hamper U.S. efforts to require environmental cleanup of mining sites.

Babbitt also said it would do little to keep companies from reaping millions of dollars in mineral rights at taxpayer expense.

He told a Senate Energy Committee hearing that the legislation, which would end the purchase of mineral rights on federal land for as little as \$2.50, provided little public benefit over the current law. He said he would urge President Clinton to veto it should the bill clear Congress.

Sponsors of the industry-supported bill said it reflected a compromise that will keep U.S. mining companies from moving operations abroad, while correcting some of the abuses allowed by the 1872 Mining Act. Lawmakers have struggled for nearly a decade to revamp the law, which was designed to encourage development of the West in the 19th century.

Sen. Larry Craig, R-Idaho, one of the bill's sponsors, said opponents "want to use reform as a way to shut down mining on pub-

lic lands altogether."

He said the bill would require mining companies for the first time to pay a 5 percent royalty on mineral rights, but not impose such an economic burden that it would force companies to abandon U.S. projects.

But Babbitt said the royalty provision has such broad exemptions that "opportunities to avoid payment abound."

In an attempt to dramatize his point, Babbitt announced that under the 1872 law he was required Tuesday to issue mining "patents" — or deeds — in Alaska's Tongass National Forest involving \$80 million in mineral rights for \$2.50 an acre, or \$155. The claims on Prince of Wales Island involved 2.3 million tons of iron with recoverable copper, gold and silver, he said.

Even under the Senate bill, companies would have had to pay only surface value for the Alaska land, or \$62,000.

Babbitt has for years campaigned against the law which requires the Interior Department to give such patents without taking into account actual commercial value.

Sen. Frank Murkowski, R-Alaska, said the bill he and Craig sponsored would end the practice of claims being made on land never intended for mining.

He said it also would impose a

fair royalty and increased environmental protection.

But Babbitt said it would restrict the ability of federal agencies to manage environmental cleanup of mining sites.

"It would tie the hands of the land managers, and prevent any upgrading of existing regulations even if they became to be widely acknowledged as inadequate," Babbitt said.



NEWS

U.S. DEPARTMENT OF THE INTERIOR

Office of the Secretary
For Immediate Release: April 29, 1998

Contact: Mike Gauldin
202/208-6416

Statement by Secretary of the Interior Bruce Babbitt Congressional action aids oil companies at taxpayer expense

"Earlier today, the Conferees to the Emergency Supplemental bowed once again to pressure from the oil industry and amended the Conference Report to stop the Department of the Interior from finalizing on the new oil valuation rule.

This rule would ensure that taxpayers receive fair market value for the oil produced on their public lands. It would yield an estimated \$66 million in additional revenue each year.

I deeply regret the Congress' action. Their vote today will cost American taxpayers \$5.5 million every month until this rule is finalized. States will lose money they need for education and public works recreational facilities.

-DOI-



NEWS

U.S. DEPARTMENT OF THE INTERIOR

Office of the Secretary
For Immediate Release: April 28, 1998

Contact: John Wright
202/208-6416

Babbitt Challenges Congress to Pass Mining Law Reform

Secretary Babbitt signs mining patent during Congressional Hearing to highlight the indefensible give away of public resources for less than fair market value

Secretary of the Interior Bruce Babbitt testified today before the Senate Committee on Energy and Natural Resources to support reform of the archaic 1872 Mining Law. During his testimony, Babbitt signed a patent for three mining claims giving away public resources covering 62 acres, worth more than \$80 million, to emphasize how indefensible the 125-year-old law is to taxpayers, as the country approaches the 21st century.

"We remain convinced that reform can be accomplished in a way that provides the taxpayer a fair return on publicly-owned resources," said Babbitt. "We are ready to assist the Congress is accomplishing this goal."

The patent signed today deeds out of public ownership three mining claims covering 62 acres on Prince of Wales Island in Tongass National Forest in Alaska. The patentee will pay the federal government \$2.50 per acre, about \$155, for mineral resources with an estimated value of about \$80 million. The claims contain about 2.3 million tons of iron, with recoverable copper, gold and silver.

"Until Congress steps forward to enact meaningful reform of this law, I must continue to give away America's mineral resources for unfair return to the taxpayers," Babbitt said. "We cannot, and will not support legislation that does little or nothing to fix the problems posed by the current law."

The 1872 Mining Law signed by President Ulysses S. Grant and effective today, allows patents for hardrock minerals on public lands to be mined for \$2.50, or \$5 per acre. "This is a poor return on the nation's natural resources; I have no choice but to carry out my responsibilities under this law," Babbitt said.

Since taking office in January 1993, the 1872 Mining Law has required Secretary Babbitt to sign 40 mining patents, deeding away publicly owned resources valued at more than \$15 billion to individuals and private mining companies. In return the taxpayers received a little more than a meager \$24,000.

According to the General Accounting Office of Congress, out of nearly 360 million acres of federal land in the West, unreclaimed mining sites represent less than 1/10th of 1 percent.

Yes, the Mining Law of 1872 could use some reform. Mining companies should provide a "fair return" to the public for the land they use. But changing the law in the name of environmental protection will not prevent the kind of degradation that has occurred due to hardrock mining, nor will it restore the land or clean the water. Reforming existing environmental laws such as the Clean Water Act and Superfund and enforcing state reclamation regulations are the best ways to make sure that the mining industry will clean up its act.

David Gerard is a research associate at the Political Economy Research Center (PERC) in Bozeman, Mont.



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NEWS

U.S. DEPARTMENT OF THE INTERIOR

Office of the Secretary
For Release: February 19, 1998

Contact: John Wright
202/208-6416

Statement of Interior Secretary Bruce Babbitt

Regarding actions taken by the Justice Department against four major oil companies for knowingly undervaluing oil extracted from public and Indian lands

"The allegations that have been raised by the Justice Department against four major oil companies are serious ones. We have been working to ensure that the correct royalty value is paid for oil produced on federal and Indian lands. In light of these allegations, the Administration recommends that everyone move very, very cautiously before considering any new legislation, such as mandatory royalty in kind, that could decrease the amount of money rightfully due the American people."

- DOI -



NEWS

U.S. DEPARTMENT OF THE INTERIOR

Office of the Secretary
For Release: December 11, 1997

Contact: John Wright
202/208/6416

Secretary Babbitt and Foreign Secretary Gurria Announce Maritime Boundary Talks for the Gulf of Mexico

Interior Secretary Bruce Babbitt and Mexican Foreign Secretary Angel Gurria today announced their intentions to commence discussions to resolve a longstanding boundary issue between the two nations. Today's announcement follows the recent exchange of instruments of ratification, placing in force maritime boundaries off the coast in the Gulf of Mexico and the Pacific Ocean. That treaty did not address two "gaps" in the areas beyond 200 miles from the coastlines of the two countries in the Gulf of Mexico. The purpose of the discussions would be to establish a continental shelf boundary in the Western Gap.

U.S. oil and gas exploration and leasing activities have progressed toward deep water areas in the vicinity of the Western Gap. Under the Outer Continental Shelf Lands Act, the Secretary's 5-year offshore program provides for two sales in the Gulf of Mexico annually. Although the northern portion of the Western Gap has been offered in past lease sales, the most recent sale in August 1997, (Sale 168) offered the area under special provisions to hold bids unopened until a Secretarial decision on or before March 3, 1998.

In light of the joint undertaking to commence discussions in the very near future, and after consulting with the Department of State, Secretary Babbitt has determined that it is in the best interests of the United States to return all unopened bids from Sale 168. For the same reason, the Secretary will withdraw the tracts in the Western Gap area proposed for lease in upcoming Sale 169 (tentatively scheduled for March 1998).

Secretary Babbitt and Foreign Secretary Gurria intend for the boundary discussions to commence in March 1998.

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NEWS

U.S. DEPARTMENT OF THE INTERIOR

Office of the Secretary
For Immediate Release: January 28, 1997

Contact: John Wright
202/208-6416

Secretary Babbitt Pleased With Court Decision On Mining Law *Circuit Court decision supports tightening administration of the antiquated 1872 Mining Law*

In a decision handed down January 23, 1997, the Ninth Circuit Court of Appeals rejected claims made by Independence Mining Company to prevent the Secretary of the Interior from giving close scrutiny to the company's applications to privatize ("patent") over a thousand acres of federal land. Independence Mining Company is seeking patents to federal land to gain complete ownership of the land and minerals at its Jerritt Canyon Mine in Nevada, thus avoiding any royalty the Congress might enact in the future on gold mining from federal lands.

"I am pleased that the federal court of appeals has left in place my policy of tightening administration of the notorious 'patent' provision of the antiquated Mining Law of 1872, a law blatantly out of step with the times," Interior Secretary Bruce Babbitt said.

Currently, hardrock mining companies pay no royalty to the federal government (even though they routinely pay royalties to state, private, and foreign landowners). The Clinton Administration has consistently supported reform that would include a meaningful royalty, but Congress has refused to enact one. The 104th Congress included a royalty in its budget reconciliation bill last year, but it was vetoed by President Clinton because it was so riddled with loopholes that even the Congressional Budget Office estimated it would produce almost no revenue.

"I am particularly pleased that the Court's decision acknowledges what we have been trying to convince Congress for years -- that a mineral patent is not necessary for prosperous mining operations to exist," said Babbitt. "I once again call on Congress to reform the Mining Law so that the American people get a fair return on the minerals that they own."

Beginning in 1994, Congress has annually imposed a moratorium on new patent applications, but allowed processing of over 300 existing patent applications. The 104th Congress directed that the Secretary of the Interior make decisions on 90 percent of the grandfathered applications within five years. The Independence Mining Company application is one of those grandfathered, but the court decision handed down last week ensures that it and all other patent applications will be given careful scrutiny under Secretary Babbitt's policy to ensure that the company has met all the requirements of the old law before a patent is issued.

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NEWS

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Stephanie Hanna (O) 202/208-6416

STATEMENT OF SECRETARY OF THE INTERIOR BRUCE BABBITT ON DuPONT PRESS CONFERENCE ON OKEFENOKEE MINING PROPOSAL

I'm grateful that DuPont has agreed to stop their activities along the eastern boundary of the Okefenokee National Wildlife Refuge.

The titanium dioxide mining procedures now being used at DuPont's mine at Starke, Florida, include clearing of all vegetation in one square mile sections, and then dredging the cleared area to a depth between 15 and 50 feet. I continue to believe that this kind of mining is fundamentally incompatible with a national wildlife refuge and should not take place along its boundaries"

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