

Mineral Resource

Headframe Funding

On August 25 the Historic Preservation Advisory Committee (HPAC) met to review grants for the State Historic Preservation Office (SHPO). A request for \$31,287 to relocate the Boras Headframe from Bisbee to Phoenix was one of the grants considered. At the meeting the evaluation scores for all of the grant requests were revealed. The Department's application scored 77.3 percent out of 100 and ranked 31st out of 92 applicants. The total funds available of \$1.4 million were spent before the Boras Application was reached, but the committee continued to select applicants until a 10 percent over budget level was reached. Apparently some of the grants may be withdrawn and SHPO expects to receive additional grant funding. Thus, possible funding for the Boras, for \$22,320, may be available in February. Adding the amount previously raised, we have approximately \$35,000 available. Additional funding will be required and we are accepting donations and selling paving bricks for \$50 and \$100 in our fund-raising program.

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MINING

404 and 401 Small Placer Mine Information

In response to a flood of questions concerning the effect of the Army Corps of Engineers' 404 permit and the Department of Environmental Quality's (DEQ) 401 permits on small placer projects, the following information was obtained:

Any activity that involves excavation or discharge, such as panning or dredging, now falls under these regulations. As a practical matter, however, the Corps of Engineers has taken the position that any operation involving:

- a) less than one acre of impact to washes, or
- b) flat washes with 1 foot bottom width, or
- c) steep washes with 2 to 3 foot banks and 2 to 3 foot bottom width,

need only obtain a 401 certification from DEQ. DEQ is the state cooperating agency and certifies the work and permitting done by the Corps of Engineers. In those cases where the Corps does not issue a permit, the DEQ has no permitting to certify. Therefore, DEQ alone certifies operations that fall within the 404 exclusions cited above or they issue a waiver. DEQ is more interested in how the property will be left than about what occurs there. The 401 section requires photographs of the site be taken before operations begin and a letter stating what will be done to reclaim the property when production ends. Bonding may be required.

Mining Law Reform

The 1872 Mining Law gave the American public the right to prospect for minerals on the public lands. With several conditions and provisions this law provided tenure for prospectors while they explored favorable properties and tenure to miners when the discovery was perfected. Over the years, laws for specific types of minerals and several volumes of case law have allowed the United States to develop its mineral resources and to grow from a seedling democracy into a world leader.

The U.S. Congress is in the process of revising this law and several others which regulate the public's use of the public domain in those states west of the Mississippi River. Both the Senate and the House of Representatives passed bills to reform the 1872 Mining Law earlier this year. The primary provisions of these two bills are compared below.

HR-322 "Rahall Bill" (D-WV)

- 8% "net smelter return" royalty
- Arbitrary rental fees
- No defendable tenure
- Proliferation of green tape
- Expropriation w/o compensation
- Arbitrary rule changes
- Prolonged permitting requirements

S-775 "Craig Bill" (R-ID) - Reid (D-NV)

- 2% "net profits" royalty
- Annual rental of \$100/claim
- Continuance of patenting
- Reasonable reclamation

Neither bill was considered entirely favorable to the mining industry but the Craig bill was considered more favorable. On August 2, Senator Johnson (D-LA) chaired a joint congressional committee to develop a compromise bill. He surprised his colleagues and the industry when he made an offer (the Chairman's mark) that was only a step below the House's Rahall bill. This position preempted any reasonable compromise since the house come-back would be expected to fall somewhere between the Chairman's mark and the Rahall bill.

Secretary of the Interior Bruce Babbitt, meanwhile, staged weekly media events in which he misled the American people about the costs and procedures of mining claim staking and patenting. In his remarks he completely ignored the fact that this law would eventually stifle economic development in the mining industry and would deplete the nation's mineral resources by making them inaccessible to the American public.

Rebuttals to Mr. Babbitt's media barrage have been limited to late night reviews and a few comments on

CNN talk shows. No discussion of the issues has occurred on any forum that would have a serious political impact.

With the stage set with these props, the house counter offer was made on August 16. It not only restated the Rahall bill but added several new and restrictive provisions that were not contained in earlier versions of either bill while compromises were narrow and few.

- A base royalty of 5 percent of the gross which may go as high as 33 percent for gold and copper. The 5 percent is equivalent to a 25 or 30 percent carried interest.
- State laws must meet or exceed federal requirements before the state will be allowed to administer the law within its borders. This provision extends federal provisions to nonfederal lands.
- Best Available Demonstrated Control Technology (BADCT). Any reference to "economic feasibility" was deleted. Industry and regulators alike find difficulty with this term.
- Backfilling of open pits at Interior Secretary's discretion. This provision is not only foolhardy in many cases it is impossible without first digging a hole.
- Onerous and unrealistic water provisions which would prevent miners from using water in their processes.
- Mining may be prohibited by an arbitrary determination that the subject property is unsuitable for mining.
- A nationwide "black list," the Applicant Violator System (AVS), would keep an application from being accepted from a party who was accused of being in violation of any environmental, fish or wildlife law or regulation whether it involved mining or not.
- The house language allows "any person who is or may be adversely affected" to bring suit.

In late-breaking news the committee has broken off for 1994 and a new Congress will address the issue next year.

Mining Activity

A high copper price (\$1.10) beginning in the spring and continuing through the summer coupled with the expectation of a growth in demand by third world countries has had a stimulating effect on the industry.

- Magma is planning a \$500 million expansion of its K project at San Manuel and additional research at Florence.
- Oracle Ridge is planning to expand to 1 million pounds per month.

PUBLICATIONS

The Department produced the following publications during the last quarter:

55th Annual Report of the Department of Mines and Mineral Resources

Circular 53 Earth Science Clubs in Arizona, includes rockhound, lapidary and prospecting organizations.

Circular 54 Arizona Gem Shows 1994-95. Includes date, location, sponsoring group, and contact person for the gem shows in Arizona.

Circular 55 Arizona Mining Update. A review of current mining activity in Arizona. Includes gold, copper, uranium, gemstone, industrial mineral and coal activity.

Circular 56 Annual Assessment Work Requirements Under Arizona Statute, 1994. An explanation of assessment work requirements written by John C. Lacy.

A complete list of publications is available upon request.

- Cyprus is discussing expansions at Bagdad, Miami, Twin Buttes and Tohono. They are studying Mineral Park for possible SX-EW and are doing work on several other Arizona properties.
- Asarco has received an aquifer protection permit for Silver Bell SX-EW plant and their Santa Cruz in situ leach research project near Casa Grande.
- Phelps Dodge has announced their intent to review the Safford Project for a possible open pit and leaching project. They are planning a \$200 million expansion at Morenci and are studying the Cochise Project. Copper Basin and other projects are still on hold.
- AZCO has received an Aquifer Protection Permit and is now obtaining funding for the Sanchez Project. AZCO's mining claim patent has not been issued.
- Cambior is awaiting a 404 permit from the Corps of Engineers for the Carlotta Mine. The hold up is reported to be the Fish and Wildlife Service.
- Arimetco has renewed development at the Van Dyke and permitting is underway at the Zonia.
- Yarnell Gold is pressing permitting.
- Add-West is sinking a decline at Oatman on the Gold Road.

ADMMR Staff Busy With Inquiries

The requirement to pay rent for mining claims on federally administered mineral rights was extended through 1998 by Congress as part of the Federal budget enacted last October. Questions about Arizona requirements for assessment work and county recorder filings took a significant amount of staff time during the last three months. Many claim owners were confused about the changes and what they were required to do. The ADMMR circular that addresses the subject was updated and example and sample forms for use in 1994 were created.

Bureau of Land Management data show:

- 23,623 claims had rent paid for the 1994-95 year.
- 4,140 new claims were filed between 9/1/93 and 8/31/94.
- 347 certificates for small miners' exemptions (10 or fewer claims) were filed. These cover about 2,000 claims.

Construction Activity Generates Increase in Materials Availability Inquiries

The boon in construction activity in Arizona has increased the number of industrial mineral availability inquiries received by the Department. Companies and individuals interested in starting new sand and gravel operations have dominated the inquiries. Because the cost of construction aggregate for a building project is dominated by the cost of transportation, suburban growth continues to feed the need for new sources of construction aggregate that are closer to construction areas.

Conflicts between land uses, protection of riparian areas, the need for affordable construction materials, and the NIMBY attitude (Not in my Back Yard) continue to be difficult to solve. We also receive calls from people wanting to know how to prevent these operations. In such cases we try to provide the caller with a "mini education" about the use of mineral resources.

Photo Collection Received

The Department has recently received an extensive collection of photographs from Edward Flagg, the son of the photographer, A.L. Flagg (1883 - 1961).

During his long professional career in Arizona, which began in 1906, Authur Flagg worked for a variety of Arizona mining companies including Kelvin Sultana Copper Company, Ace Mineral and Development Com-

pany, Gallagher Vanadium and Rare Mineral Corporation and the Mines Holding Company. In 1946 he was appointed Superintendent of the Mineral Department of the Arizona State Fair. In 1949 he joined the staff of the Arizona Department of Mines and Mineral Resources.

Upon retirement in 1953 at age 70, various mining companies paid his salary to become the first curator of the Arizona Mineral Museum. During his career he wrote several books and many papers and took a great number of photographs. The Department has received approximately 3,000 4" x 6" negatives that he took between 1906 and 1961.

This collection of images contains many examples of mines, transportation, culture, domestic life and public places. Most of the photos are of excellent quality and about 50 percent have been previously identified.

Keith Halsey, a Department volunteer, has spent approximately 450 hours identifying and classifying these photos from publications in the Department's library. The identified prints are preserved in archival photo albums. Completing the identification will require an additional 450 hours and approximately \$1,000 in materials.

MUSEUM NOTES

Mineral Photographs

The Department has acquired several large, colored prints of mineral specimens. These prints were enlarged from photographs by laser copy technology. Several of them are to be exhibited in the museum while others are being marketed. Copies of these photographs are for sale in the museum gift shop. Beginning with the Bootprints Along the Cordillera Symposium in Tucson next month and the fall gem and mineral shows, the Department will initiate an effort to sell prints of these photographs, with proceeds going to the museum.

Gift Shop Furniture

Two new display cases have been constructed and placed in the Museum gift shop. Funds were donated to the Museum by the Phelps Dodge Corporation for this purpose. The lighting and appearance of these cases is having a positive effect on sales of minerals and items in the gift shop. Additional display cases are being considered and bids have been received.