



Mineral County Economic Development Authority

Nevada Legislative Public Land Study Committee

Mineral County Library

May 18, 2018

Hawthorne, Nevada 89415

Presented by: Shelley Hartmann, Executive Director MCEDA a member of Hwy 95 RDA

Honorable Committee Members, Distinguished Guests, Ladies and Gentlemen

Welcome to Mineral County, we are honored to have this committee have a hearing in our community. My name is Shelley Hartmann I am the Executive Director for Mineral County Economic Development Authority. I was invited to share the impacts of public lands on economic development and I am honored to do so.

Mineral County has a very different mix of land ownership, BLM, Forest Service, Army, Walker River Paiutes and the Navy. Because of that trying to develop land that is not private is complicated at best. The average project time line is 10 years or more for anything but the Army property which is 1 to 2 years in reality. This delay costs the community opportunities because today's developers want to make investments NOW. They are seldom interested in a convoluted time and money intensive investment. For a major project to acquire a large piece of land can take up to a decade and potentially if more than 5,000 acres it means spending time and money on congressional legislation.

Small counties such as ours do not have the personnel, cash or time to chase this type of proposal which leaves it squarely on the developer to find avenues to acquire land whether in lease as in the Luning solar project or in permits acquired at length by our mining community. We are blessed by having a true partner in the Army and their program allowing development on the base, however, projects that cannot tuck under various restrictions and need large tracts of land are caught in a very time consuming and inefficient land acquisition process.

For perspective, Borealis mine took 10 years and 10 million dollars in permitting to get open, the only thing holding it in place was the fact that the resource was there, however, they did not get the best price advantage of the resource by the time they got their project open. Isabella Pearl may have received it's final permit this week, but it was an investment of time and money over many years to get to this place. In the meantime, our skilled workforce has moved on to Pershing County, Elko and Nye county. Will we be able to recapture some of them is the 10 million dollar question. Luning Solar was a full decade of

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permitting to get into place, they wanted to do a secondary project however, time is money and they are looking at property that is easier to develop.

The other constraint for economic development is that power lines, gas lines, rail roads and interstates require an extensive and expensive permitting process to be put into place. As we all know the economy right now is not booming, it is imperative for our projects to come into place while money is flowing and investors see America as a good investment again.

Mineral County would be host to 56 new mines if we had rail because many of our minerals are not gold and silver, however the small mine for industrial minerals has the same long expensive process to go through that the large mines do. As a small business, small mines are at a disadvantage because these small businesses do not have deep pockets to dig into to achieve permitting, so few of those small mines are able to open today.

Power lines are another way federal land management slows down progress. It takes as long to permit a new power line or gas line as it does a new mine, so today when I need massive power to host a new company that supports the Block Chain industry, I cannot give them a definitive answer about whether or not we can provide the energy they need in a timely manner. When the investors were there for renewable energy projects, the permitting was slow walking along and investors have moved on to where their money can make them money.

Nevada alone cannot change the federal laws, but you do control your agencies and can encourage them to be user friendly for natural resource businesses like ranching, mining and renewable energy development.

Attached is a white paper on mining that I will read excerpts from and a study about the best places to invest mining dollars, hint: it isn't America.

Thank you for your valuable time and your care to listen to our concerns about economic development.

Warmest Regards



Shelley Hartmann, Executive Director

ATTACHMENTS: White paper:

- 1) **The NDEP and BLM Mining Permit Lead-times for Environmental Assessment and Environmental Impact Statement Adversely Impact Local Economies**
- 2) <http://ratcliffphotos.free.fr/kamoto/CountryRankings2006.pdf>

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Mining White Paper

Written by: Robert Schleef

The NDEP and BLM Mining Permit Lead-times for Environmental Assessment and Environmental Impact Statement Adversely Impact Local Economies

PRIMARY ISSUE:

Because of long lead times to receive mining permit approval for Environmental Assessments (AS) and Environmental Impact Statements (EIS) the rural areas of Nevada are losing jobs at a time of economic struggle.

SECONDARY ISSUE:

The tollgates of the EA and EIS process are not well defined. Applicants are not able to schedule around the permitting process, and bring the mine into operation employing workers, because the requirements to pass through a tollgate seem to be loosely defined, and moving during the permitting process.

BACKGROUND:

It has come to the attention of the Mineral County Economic Development Authority (MCEDA) that there are several mines in Mineral County which are unable to start operations, and hire employees, because the mines are held up in the EA and EIS permitting process by the NDEP and the BLM.

The MCEDA understands that care is necessary to protect our fragile desert environment, and we do not want corners cut to issue permits, but with nearly 5.3% unemployment, and the highest poverty rate among children; Mineral County has an urgent need to generate jobs as quickly as possible.

The MCEDA has heard:

- 1) Mining is a unique business in that all costs are up-front, the equipment must be purchased, people hired, and work started digging, crushing, and leaching rock before the activity will generate cash-flow. The permitting process is a significant part of those up-front costs, but in order to be economically viable the permitting process and costs need to be identifiable and dependable, and schedulable within the rest of the financing and planning process. While NDEP operates in a standard fashion statewide, BLM approvals vary widely statewide.

With an undependable permitting process for EAs and EISs the result is significant Missed Opportunity Costs:

1. Companies do not invest in mining because their money earns more return invested elsewhere. Typically an EA permit costs \$2 million, and an EIS costs \$4 million. Total cost to open a mine such as Borealis can top 10 million dollars quickly erasing the value of gold in the claim
2. Companies have lost money because delays have caused them to miss the higher gold values and the more delays the potential for even greater losses due to lower mineral prices. In our case mines shutter themselves until prices are high again.
3. Project Managers and other key employees move on to other projects because they need jobs, putting the mine's efficient and profitable operations in jeopardy. Here Round Mountain Gold came and did a hiring fair and many skilled workers were forced to move to Round Mountain and gave up waiting on our local mines to become permitted.
4. Local communities lose jobs because the mines are not hiring, and secondary positive impacts are not realized in open businesses and services.
5. Local communities lose because the support companies are not moving into the area support the mining activities
6. Local governments lose money from net proceeds, sales tax and other taxes which do not materialize because the mines are not working.
7. Local governments lose money from property taxes since the mines have to bring more people to the area increasing property values and spurring construction projects and business development
8. Reopening an existing mine can be as slow and costly as opening a new site. This means those that have shuttered themselves waiting on return of high values to Gold and Silver have to spend money to reevaluate soils etc than have not changed since shuttering

On a permitting comparison basis we reference the following studies:

- <http://ratcliffphotos.free.fr/kamoto/CountryRankings2006.pdf>
- <http://www.nwma.org/pdf/2012+Ranking+of+Countries+for+Mining+Investment+20120228-1+copy.pdf>

According to the Behre Dolbear Report, a ranking of 25 countries, permitting delays are the most significant in the United States, with Nevada being an exception, but still expect a waiting

period of between 7 to 10 years before the mine can begin operations. Investors leave America to find more profitable and more efficient use of their investment dollars

In permitting delays the United States ranks behind Australia, Mexico, Canada, and Tanzania. The only country in the Behre Dolbear Report, which had more numerous permitting delays than the United States is Papua New Guinea.

RESOLUTION:

MCEDA believes that mines have been permitted in Nevada for over 150 years, and in that time Nevada has been well mapped, there should be no reason for excessive permitting delays as we move into the 21st Century. We feel the permitting tollgate and delay issues can be resolved by:

1. Passing legislation which clearly defines the permitting process tollgates/milestones.
2. Clearly define what is required to pass each tollgate/milestone
3. Establish a champion for each prospective mine with a review team combining local government, state government, and environmental specialists who meet on a regular basis to review/approve the permits and speed up the permitting process. We are heartened by GOED hiring a mining expert to help move Nevada mining projects along