



Oregon

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Date: May 7, 2013

To: The Honorable Senator Chris Edwards, Co-Chair
The Honorable Representative Ben Unger, Co-Chair
Joint Ways and Means Natural Resource Subcommittee

From: Vicki S. McConnell, DOGAMI Director

Subject: HB 2248 – Consolidated Permitting for Metal Mining Operations

The intent of HB 2248 is to remove inconsistencies in the existing statutes for metal mining regulation by amending the relevant statutes to require a consolidated, “one stop” permitting process for all types of metal mining. The statutes were written over time and in such a way that the permitting process varies with the type of metal mining process. This is inefficient, not transparent, and could lead to a single mine operation requiring dual permits. Please see page 2 of this document for an explanation of the intent of the draft legislation.

One aspect of the draft revisions to the statutes is to update and standardize the fees. Please see the Fiscal Impact Statement Narrative on pages 3 and 4 for an explanation of the fiscal impact of the fees to permit holders.

In general the fees affect mining operations in this way:

1. If you are a chemical process mine operation the increases to annual and inspection fees are negligible as under the consolidated mine permit process the applicant is required to pay for all permitting expenses.
2. Froth flotation mine operations, of which there are no current operations affected, would also be changed to a consolidated permit application process and would be required to pay for all permitting expenses.
3. All placer, coal mines, other metal mines would find the application fee decreased and annual fees unchanged.



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2013 Legislative Session Briefing for: HB 2248 – Consolidated Permitting for Metal Mining Operation

What the Measure Does

HB 2248 removes inconsistencies that exist in the statutes for metal mining regulation by amending the relevant statutes to require a consolidated, “one stop” permitting process for all types of metal mining.

Background

Currently, ORS Chapter 517 establishes three separate types of permit requirements based on the type of mining. The general statutory provisions apply to aggregate mines (e.g. mines for sand or gravel). ORS 517.750 to 517.901. A later set of statutory provisions (enacted in 1981) apply to mines for metal ores. ORS 517.905 to 517.951. An even later set of statutes (enacted in 1991) establishes a “consolidated permitting process” covering mines for metals that use chemical processing. ORS 517.956 to 517.989. The consolidated permit process is a “one stop” permitting program that covers all state permits, allows for formal cooperation with federal permitting agencies, and ensures thorough public participation and environmental protection.

Solution

The proposed amendments would accomplish three objectives:

- (1) Regulate mining using floatation methods in the same manner as mining that uses a chemical process. Currently, mines using floatation are regulated only under the basic metal mining statutes adopted in 1981.
- (2) Update the basic metal mining statutes to require public review, environmental analysis or mined land reclamation. If the statutory amendments are adopted this set of statutes will apply to placer mining that qualifies for a DOGAMI permit.
- (3) Correct a number of inconsistencies in the current statutes. These inconsistencies relate to application fees and references to chemical mining in the 1981 statutes governing basic metal mining.

Support and Opposition

We are currently well underway with an inter-agency consolidated process for a gold mine that may use either chemical or floatation processing. The applicant currently in the notice of intent phase of the application strongly supports the proposed changes. We are not aware of any opposition at this time.

Fiscal Impact

The amendments would increase metal mining permit application fees and annual permit renewal fees to match the chemical processing fee. The current chemical processing fees require the applicant to cover the entire cost for permit application via reimbursable charges accumulated by the agencies participating in the consolidated permitting process.

Please contact **Gary M. Lynch** for more information: 541.619.4656 or gary.lynch@state.or.us



HB 2248 – Fiscal Impact Statement Narrative

HB 2248 would change the amount of fees paid by operators, but few operators would be affected and the actual increases in fees generally would be small. The impacts are difficult to quantify, however.

1. New and existing metal mining operations using chemical processing.

Number of Mines Likely to Be Affected:

This category of mining operations is very small; we have only had 2 such applications in the last 23 years and there are no operating mines.

Application Fees: Under the proposed amendments to ORS 517.973 [Section 18 of the bill] the NOI fee is increased from \$606 to \$1,260. This change would not affect Calico. This increase is not likely to be significant with respect to new operators, because the NOI fee is only a down payment on actual costs of permitting. Under subsection (3) of ORS 517.973, the operator is responsible for paying all actual permitting expenses of DOGAMI and permitting and cooperating agencies. For any project that even proceeds to the baseline data collection step of the consolidated application process, the permitting costs will likely exceed \$1,260 by some order of magnitude.

Annual Fees: The proposed amendments would also increase site inspection fees from \$200 to \$1,200 and annual fees from \$456 to \$2,500. You could estimate the overall annual fee increase, for an operation such as Calico, by adding an average of 6 site inspections (\$6,000 increase) per year to the \$2,044 annual fee increase, for a total of \$8,044.

2. New lode metal mines using froth flotation or other means of processing, except chemical or gravity separation.

Number of Mines Likely to Be Affected:

Currently there are no such operations, but Calico could convert to such an operation.

Application Fees: Under the existing law, a mine in this category would be subject to the application fees in ORS 517.920. The fee is based on a DOGAMI *estimate* of actual permitting costs and compliance monitoring costs. The applicant would also be subject to permit application fees imposed by other permitting agencies. These would vary depending on the nature of the other permits required. Under the proposed amendments to ORS 517.920 [Section 9], the application fee would be based on actual permitting costs for DOGAMI and the permitting and cooperating agencies. It is impossible to know whether this would result in an increase or decrease in the costs for any particular project.

Annual Fees: Under the existing statutes, mining operations in this category would pay an annual fee of \$635 plus an additional fee of \$.0075 for each ton of mineral ore excavated. ORS 517.800(2).

Under HB 2248, the operation would pay an annual fee of \$2,500. Without knowing the size or nature of the operation, we cannot determine whether the annual fee will increase or decrease.

3. All placer mines, coal mines, and metal mines using gravity separation.

Application Fees: Application fees for new mining operations in this category would decrease because the proposed amendments to ORS 517.920 remove estimates of compliance monitoring from the formula used to estimate costs used to establish the fee. The amount of the decrease would depend upon the number of inspections, type of mine, and location of the mine.

Annual Fees: The amount of annual fees would be unchanged.

Contact:

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