

In this issue...

NAS study calls for more government mineral information gathering...page 3

Sen. Barrasso visits NMA... page 3

Mining market snapshot... page 3

Rep. English visits NMA, introduces new AMT relief legislation...page 4

President Bush calls for new international clean technology fund...page 4

House Energy and Commerce Committee chairman floats carbon tax proposal...page 5

Lake Carriers' Association reports overall upturn in 2006 shipments; coal, potash shipments drop... page 5

Senate Finance Committee unanimously approves Bunning-Rockefeller amendment to extend critical CTL tax credit...page 6

Newsbits...page 6

About Mining Week...

NMA Mining Week is a weekly publication of the National Mining Association. Mining Week archives are always available online at www.nma.org.

NMA tells congressional panels that preventative measures, new technology are strengthening mine safety



NMA Vice President for Safety, Health and Human Resources Bruce Watzman used his testimony at separate House and Senate safety hearings this week to emphasize how new investments in safety technology and a culture of accident prevention are helping to strengthen underground coal mine safety. NMA file photo.

Investments in new safety technology and a culture of accident prevention are powerful deterrents to underground coal mine accidents, NMA told members of two key congressional committees this week.

During testimony at separate hearings held by the Senate Health, Education, Labor and Pensions Committee and the House Education and Labor Committee, NMA Vice President for Safety, Health and Human Resources Bruce Watzman discussed how both initiatives are helping the industry make significant safety progress.

Watzman emphasized that the industry's ongoing efforts to fully implement the bipartisan Mine Improvement and New Emergency

See Safety, page 2

House subcommittee urged to endorse responsible Mining Law updates



Laura Skaer, executive director of the Northwest Mining Association, told members of the House Natural Resources Subcommittee on Energy and Mineral Resources on Oct. 2 that the mining industry supports creating a federal abandoned mine land fund using revenue generated from a net royalty on new mining claims.

Representatives of the nation's hardrock mining industry this week underlined the need for Congress to approve Mining Law reform initiatives that reduce the industry's economic risks and support efforts to facilitate the clean-up of abandoned mine land (AML) sites using revenue generated by a net federal royalty on new mining claims.

Industry representatives emphasized these points at an Oct. 2 hearing of the House Natural Resources Subcommittee on Energy and Mineral Resources, chaired by Rep. Jim Costa (D-Calif.). The hearing was held to explore the likely impact of provisions contained in "The Hardrock Mining and Reclamation Act of 2007" (H.R. 2262), marking the third time the subcommittee has held a hearing on H.R. 2262.

During the hearing, James F. Cress, a Colorado-based attorney with Holme Roberts & Owen, warned of the dangers the industry would face were Congress to adopt the 8 percent gross royalty proposed in H.R. 2262.

See Mining Law, page 2

Safety *continued from page 1*

Response (MINER) Act of 2006 could be delayed if operators are forced to contend with a series of new requirements, particularly if the effectiveness of such requirements is not properly assessed.

Watzman provided detailed figures that underscored the mining industry's commitment to fully implementing the MINER Act. He cited the more than 200,000 breathable air devices that have been placed into service, or on order, since the MINER Act was signed into law in June 2006 and highlighted the completion of new emergency response plans and quarterly safety training at all mines. Watzman also told both committees of efforts the industry has taken to strengthen underground communications systems, including the installation of redundant communications systems and noted that more than 35 new mine rescue teams have either already been created or are being assembled around the country.

Watzman testified that NMA is working with federal agencies to expedite the development of wireless, ground-penetrating technologies that will enable rescuers to track and locate trapped miners. Until this technology becomes commercially available, said Watzman, Congress must have "realistic expectations of what is technologically achievable to drive whatever requirements become the industry practice."

Beyond regulatory requirements and new technology, Watzman pointed to a "safety culture" embraced by industry leaders that joins "the science of safety with the culture of safety."

At its core, a safety culture approach provides for better identification of risks in each mine, said Watzman, so that the safety resources of operators and regulators are allocated more efficiently and safety hazards managed more effectively.

At an Oct. 3 hearing of the House Education and Labor Committee, Watzman testified that as industry works to "reach

our mutually shared goal of ensuring our nation's miners work in the safest possible workplace and return home safely everyday," several provisions of legislation pending before the committee are unnecessary and possibly counterproductive.

Watzman highlighted specific provisions in the Supplemental MINER Act (H.R. 2768 and H.R. 2769) that would prevent the development of sound safety and health standards and policy by circumventing public notice and comment rulemaking, while introducing organizations unfamiliar with mining into the safety process. Watzman faulted the legislation for erroneously changing the roles of the Mine Safety and Health Administration and the National Institute for Occupational Safety and Health and for prohibiting the use of belt air to ventilate the face at underground mines, a procedure that is critical to the safe operation of a number of underground mines. He also said the bills mandate a "one-size-fits-all approach" that will result in "many mines installing inappropriate or unnecessary technology."

"We urge the committee to defer consideration of these measures until all parties—labor, industry, regulators and members of Congress—can fairly and independently analyze the MINER Act's impact," Watzman concluded.

A complete copy of NMA's Oct. 3 testimony is available at: www.nma.org/pdf/cong_test/100207_watzman.pdf. ✕

Mining Law *continued from page 1*

Given that hardrock minerals are scarce, occur in smaller concentrations, require considerable money to extract and are subject to unstable pricing, "the risk of [a] project becoming uneconomic before production begins is substantial," said Cress, adding that the gross royalty provision in H.R. 2262 would only further increase the economic risks faced by hardrock producers.

Cress testified that the 8 percent gross royalty endorsed in H.R. 2262 "is virtu-

ally unheard of." He added that the purpose of a federal royalty must be to encourage exploration and discovery on lands that are not yet proven to contain mineral deposits, rather than discourage such activity.

James Otto, an independent mining industry consultant, testified that the proposed 8 percent royalty would spell doom for many hardrock mines. "An 8 percent gross value-type royalty will have a major impact on independent mines," said Otto.



James F. Cress, a Colorado-based attorney, warned of the increased economic dangers domestic hardrock producers would face were Congress to adopt the 8 percent gross royalty proposed in "The Hardrock Mining and Reclamation Act of 2007" (H.R. 2262).

Laura Skaer, executive director of the Northwest Mining Association, emphasized that the mining industry supports creating a federal AML fund using revenue generated from a net royalty on new mining claims to "support, augment and expand" existing AML programs "that have proven to work."

"Industry wants to see AMLs remediated and reclaimed as much as anyone," said Skaer. "A federal hardrock AML fund using revenue generated from royalties on new claims combined with effective Good Samaritan legislation to encourage private-sector reclamation efforts offers the best opportunity to expedite safety hazard abatement, remediation and reclamation of hardrock AML sites," said Skaer.

Complete testimony from all witnesses is available at: http://resourcescommittee.house.gov/index.php?option=com_jcalpro&Itemid=27&extmode=view&extid=104. ✕

NAS study calls for more government mineral information gathering

The National Academies of Science (NAS) this week released a pre-publication version of a study focused on the link between the supply of critical minerals and the health of the U.S. economy, which concluded that the federal government must increase its mineral information gathering and analysis capabilities. The study, entitled *Minerals, Critical Minerals, and the U.S. Economy* was jointly funded by NMA and the U.S. Geological Survey (USGS).

The pre-publication version of the study, released Oct. 5, emphasized the need for more rigorous data collection, analysis and dissemination of minerals information by the federal government especially for minerals that are or may become critical. The study also called for interagency action meant to facilitate better understanding of global mineral availability and use.

The study noted that the USGS' Minerals Information Team (MIT) is not currently among the 13 federal agencies or programs designated as "principal" federal statistical agencies, and as a result suffers from inadequate funding and lack of sufficient autonomy to fulfill its mission. To help MIT fulfill its mission, the study recommends extending the "principal" designation to MIT or providing it with treatment similar to that given to the 13 agencies currently designated as principal agencies.

The study developed a matrix that allows for the evaluation of a given mineral based on the impact of the availability of a mineral and the potential for reduced availability. The matrix designates minerals as critical according to the more important the use and the greater the potential for an availability shortage. The study looked at four key industries, automotive, aerospace, electronics and energy, and the use within those industries of 11 minerals and mineral groups to provide examples for how

See NAS, page 4

Sen. Barrasso visits NMA



Arch Coal, Inc. Vice President of Federal Government Affairs Thomas Altmeyer (left) listens as Sen. John Barrasso (R-Wyo.) (right) discusses energy and climate issues during an Oct. 3 visit to NMA's Washington, D.C., offices. Barrasso, a member of the Senate Energy and Natural Resources and Environment and Public Works Committees, stressed the need to ensure that American energy policy is rooted in promoting realistic energy options for meeting the nation's growing energy needs. Barrasso expressed his support for domestically produced coal-to-liquid transportation fuels and cautioned that Congress must carefully consider how best to address climate change issues. Sen. Barrasso was appointed by Gov. Dave Freudenthal (D) to fill the seat left vacant by the death of Sen. Craig Thomas (R).

Mining Market Snapshot

Coal Figures	Cumulative year to date	Change over last year
<i>Week ended September 22, 2007</i>		
EIA Coal Production (000 tons)	833,391	-1.7%
Edison Electric Institute Electricity Output (GWh)	3,036,007	2.5%
American Iron and Steel Institute Raw Steel Production (000 tons)	77,269	-5.0%
Metal Figures		
Copper Prices (\$/mt - week avg. Grade A Cash) 9/21/07		\$7,756.95
Gold Prices (\$/troy ounce - week avg. London Final) 9/21/07		\$726.08
Source: NMA Weekly Statistical Summary/Platts Metals Week		

Rep. English visits NMA, introduces new AMT relief legislation



Freeport-McMoRan Copper & Gold Senior Vice President for International Relations and Federal Affairs Russell King (left) talks with Rep. Phil English (R-Pa.) (right) during English's Oct. 4 visit to NMA's Washington, D.C., offices.

During his visit, English underlined that current Mining Law reform efforts do not take into account the relationship between the competitiveness of U.S. manufacturers and the availability of domestic minerals. English also

emphasized that energy resources so as to increase the nation's energy self-sufficiency. He stressed that technologies that facilitate the clean use of coal must be "at the top of Congress' list of priorities."

Separately, English, who has long advocated eliminating the individual and corporate Alternative Minimum Tax (AMT), recently introduced two new AMT relief bills. The "American Competitiveness Tax Act of 2007" (H.R. 3693) would permit taxpayers with a loss in any of the prior five years to de-

termine the section 199 deduction for domestic manufacturing without regard to the limitation on taxable income. The section 199 deduction has the effect of reducing the tax rate on domestic production activities by 3 percentage points when fully phased in. The "Alternative Minimum Tax Reform Act of 2007" (H.R. 3694) would permit corporations to use long-term unused AMT credits to offset a portion of regular income tax and AMT and would also eliminate the 90 percent limitation on the use of net operating losses against tentative minimum tax, permitting net operating losses to fully offset alternative minimum taxable income.

A copy of H.R. 3693 is available at: www.nma.org/pdf/misc/100407_english_3693.pdf.

A copy of H.R. 3694 is available at: www.nma.org/pdf/misc/100407_english_3694.pdf. ✕

President Bush calls for new international clean technology fund

President Bush used a recent White House hosted energy security and climate meeting, which brought together representatives from the world's largest economies, to call for the creation of a new international clean technology fund meant to help developing nations harness the power of clean technologies.

The president's proposal would provide financing assistance to developing countries to help advance various clean energy projects, with Treasury Secretary Henry Paulson tapped by the president to coordinate the development of this program.

The president unveiled this proposal during a Major Economies Meeting on Energy Security and Climate Change (MEM) held Sept. 27-28 in Washington, D.C. The meeting was designed to facilitate work in 2008 on a new international approach to energy security and climate change that would contribute to a global framework that would succeed

the Kyoto Protocol. The MEM attracted delegates from the world's largest energy consumers and greenhouse gas emitters, including representatives from China and India.

Presentations and discussion at the meeting focused on low carbon fossil power generation, transportation and land use issues, market penetration and energy efficiency and finance tools. Delegates agreed that significant opportunities for achieving progress exist across a wide range of subjects, including increasing cooperation to help advance the development of carbon capture and storage technology.

Participants agreed on the need for another MEM following UN climate talks set for December in Bali, Indonesia, and agreed that the group would work together on a technical level to help prepare for a successful meeting of finance ministers in Bali.

A State Department prepared summary of the MEM is available at: www.state.gov/g/oes/climate/mem/93021.htm.

A complete list of MEM participants is available at: www.state.gov/g/oes/climate/mem/92889.htm. ✕

NAS *continued from page 3*

the matrix could be used. The 11 minerals and mineral groups studied were: platinum group metals, rare earths, indium, manganese, niobium, copper, gallium, lithium, tantalum, titanium and vanadium.

Elsewhere, the study cautioned that dependence on foreign minerals "can expose a range of U.S. industries to political, economic and other risks that vary according to the particular situation." The study also highlighted the importance of global competition for minerals and the impact of growing economies such as Brazil, China and India on the availability of minerals. ✕

House Energy and Commerce Committee chairman floats carbon tax proposal

House Energy and Commerce Committee Chairman John Dingell (D-Mich.) recently floated a proposal to impose heavy taxes on the use of coal and other fossil energy as a means of mitigating climate change. Dingell unveiled his proposal on Sept. 27, saying the proposed tax should be part of a multi-pronged climate change approach that would also include an economy wide cap-and-trade program.

Dingell has not introduced the proposal as legislation, saying in a Sept. 27 release that he is seeking public comment on his carbon tax proposal before moving forward. "A fee on carbon emissions requires a tithe from all citizens and industries, but no one entity will be unfairly leveled with a devastating burden," Dingell said of his proposal in a Sept. 27 statement.

Included in his proposal is a \$50 per ton carbon emissions tax that would apply to coal, including lignite and peat. The tax would be phased in over a five-year period and adjusted for inflation thereafter. The tax would also be applied to petroleum and petroleum-derived products and natural gas.

Dingell also called for a 50 cent per gallon tax increase on gasoline, jet fuel and petroleum-based kerosene. This tax would also be phased in over a five-year period and adjusted for inflation. Dingell's proposal contains an exemption for diesel fuels, as such fuels provide an approximately 30 percent increase in fuel economy and a 20 percent decrease in emissions.

In addition, Dingell also proposed phasing out the mortgage interest income tax deduction on primary mortgages for houses more than 3,000 square feet in size. Houses more than 4,200 square feet would be completely ineligible to claim any mortgage interest deduction, while homes between 3,200-3,399 feet would be eligible for 85 percent of the mortgage interest deduction, with a range of deductions applicable to other sized homes.

Revenue generated by Dingell's proposal would be used to expand the Earned Income Tax Credit to compensate for increased fuel taxes. Medicare, Social Security and other present and potential entitlement programs would also receive funds from new energy

taxes. In addition, the tax would be used to fund conservation efforts, renewable energy research and development, and a low income home energy assistance program.

More information is available at: www.house.gov/dingell/carbonTaxSummary.shtml. ✕

Lake Carriers' Association reports overall upturn in 2006 shipments; coal, potash shipments drop

The Lake Carriers' Association (LCA) recently reported a shipping increase of nearly 4 million tons for 2006, with that increase driven in part by a jump in iron ore shipments that helped offset decreased shipments of coal and potash.

For 2006, LCA reported shipping a total of 168,771,385 tons, an increase of 3,885,404 tons over 2005 shipments and well above the nearly 164,000,000 ton five-year average. The 2006 increase came amid a continuing dredging crisis on the Great Lakes, which threatens the ability of shippers to move cargo on the Great Lakes.

Iron ore shipments for 2006 totaled 59,878,098 tons, nearly 1.7 million more tons than were shipped in 2005. However, overall coal shipments dropped by approximately 828,000 tons, while shipments of potash dropped by approximately 101,000 tons. For the year, total coal shipments came in at 41,878,453 tons and potash shipments were 483,174, with coal shipments slightly bettering their five-year historical average and potash shipments nearly 8 percent below their historical average.

More information is available at: www.lcaships.com/06SRcontents.htm. ✕

Looking ahead: Here's a look at what's ahead for the mining community in Washington, D.C.:

- The House Transportation and Infrastructure Committee, chaired by Rep. James Oberstar (D-Minn.), will hold a full committee hearing regarding the Clean Water Act on Oct. 18. Entitled "The 35th Anniversary of the Clean Water Act: Successes and Future Challenges," the hearing will begin at 10 a.m. in room 2167 of the Rayburn House Office Building. The committee has not yet released a witness list for the hearing. More information as it becomes available will be posted at: <http://transportation.house.gov/hearings/hearingdetail.aspx?NewsID=317>.
- House Education and Labor Committee consideration of the "Supplemental Mine Improvement and New Emergency Response Act of 2007" (H.R. 2768) and the "Miner Health Enhancement Act of 2007" (H.R. 2769), tentatively scheduled for Oct. 10, has been postponed for at least two weeks.

Senate Finance Committee unanimously approves Bunning-Rockefeller amendment to extend critical CTL tax credit

The Senate Finance Committee this week unanimously approved an amendment offered by Sens. Jim Bunning (R-Ky.) and John Rockefeller (D-W.Va.) that extends until 2010 a critical alternative fuels tax credit that will help accelerate the production of clean, domestic coal-to-liquid (CTL) fuels.

Finance Committee members approved adding the CTL tax credit amendment on Oct. 4 to a larger tax package primarily focused on aiding the reauthorization of federal agricultural support programs. The amendment extends an existing 50 cent per gallon fuel excise tax credit for CTL until 2010 and requires CTL

producers to capture and store 50 percent of carbon dioxide emissions. CTL producers could be required to capture and store 75 percent of carbon dioxide emissions should an independent arbitration panel determine that such a level is commercially feasible. Without an extension, the tax credit, created by the Energy Policy Act of 2005, is set to expire in September 2009.

"On behalf of CTLC members, I extend thanks to the committee for supporting this much needed extension that appropriately pairs an important incentive to spur domestic energy production with a responsible environmental standard,"

said National Mining Association President and CEO Kraig R. Naasz. "The CTLC wishes to especially thank Sens. Bunning and Rockefeller for their leadership on this issue and for their continuing efforts to promote American energy independence using domestic CTL fuels," said Naasz.

"Looking forward, the CTLC will continue working with all Senate CTL supporters to ensure this tax credit extension is signed into law."

For more information on the Coal-to-Liquids Coalition, visit the coalition's web site at: www.futurecoalfuels.org. ☒

Newsbits

El Capitan Precious Metals, Inc. Chairman **Charles Mottley** recently announced his retirement from the company's board of directors following the election of **Marvin K. Kaiser** and **Donald W. Gentry** to the board. In addition, Mottley also announced that **Kenneth P. Pavlich** has been named acting board chairman. In a Sept. 27 statement, Mottley said these moves complete a succession plan he began implementing in the first quarter of this year when Pavlich was named as his successor to the position of company president and CEO. "I am particularly gratified to know that the shareholders will have the benefit of a board of directors with over 110 years of cumulative mining experience," said Mottley. Kaiser recently retired from the Doe Run Company as its executive vice president and chief administrative officer after 13 years with the firm, while Gentry, an emeritus professor of mining engineering at the Colorado School of Mines, previously served as the president, CEO and Chairman of Polymet Mining Corporation. More information is available at: <http://finance.breitbart.com/breitbart?Page=NewsRead&ID=4286243>...The fourth meeting of the **Asia-Pacific Partnership on Clean Development and**

Climate's Coal Mining Task Force has been scheduled for Nov. 12-15 in Beijing, China. Among the items slated for discussion at the meeting are project updates from the U.S., Australia and India, as well as an update from the Chinese government on its coal mine methane recovery and use feasibility study...Commerce Secretary **Carlos M. Gutierrez** recently announced that the U.S. Department of Commerce's International Trade Administration will lead a clean energy trade mission to Beijing, Guangzhou and Hong Kong, China, as well as Calcutta and Bangalore, India, in January 2008. The mission aims to match participating U.S. companies with opportunities where American clean technology goods and services can provide much-needed energy, while improving the environment. The mission will target a broad range of clean energy technologies, including clean coal applications and distributed generation. Commerce Assistant Secretary **David Bohigian** will lead the mission. Additional information regarding the mission is available at: <http://www.export.gov/cleanenergymission>.



Mining Week is published as a service to members of the National Mining Association, James Roberts, chairman, Kraig R. Naasz, president and publisher.

Staff

*Carol Raulston,
Senior Vice President, Communications
Corey Henry Kelly Metzler
Leslie Coleman Luke Popovich*

NMA Mining Week

Executive and editorial offices: Communications Department, 101 Constitution Ave., NW Suite 500E, Washington, D.C. 20001, telephone 202/463-2600. www.nma.org, fax: 202/463-2614. Change of e-mail address should be directed to mphelleps@nma.org.