THE PEW CHARITABLE TRUSTS

THE PEW CAMPAIGN FOR RESPONSIBLE MINING
RECLAIM OUR FUTURE

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**PEW ENVIRONMENT GROUP**

# Coal versus Gold:
## $6 billion in royalties versus $0

The 1872 Mining Law, which gives away mineral resources and sells off public lands, governs the mining of "hardrock" minerals such as gold, copper, and uranium on western public lands. Unlike coal mining on federal lands, which is subject to significant royalty, reclamation and clean-up requirements, hardrock mining can take metals from public property in unlimited amounts virtually for free and is governed by few environmental standards.
Coal mining on public land is governed by the Mineral Leasing Act. Under this law, which has been amended numerous times since its passage in 1920, the federal government retains ownership of lands leased for mining and recoups a royalty that is shared with the states.

There are striking contrasts in the details of the two laws, including the dramatic bottom line: **From 1920 to 2000, royalties collected from coal mined on federal lands totaled $6,061,942,562.[1] In contrast, no royalties have ever been collected under the 1872 Mining Law.**

**CLEANING UP OLD MINES**

*In 1977, when Congress passed the Surface Mining Control and Reclamation Act (SMCRA) to better manage the environmental impacts of coal mining, it also established a program to clean up mines that had already been abandoned. This program relies on a reclamation fee on each ton of coal mined. No similar fee is collected from hardrock operations, and some states use coal-generated funds to clean up old hardrock mines. No comprehensive law similar to SMCRA exists for hardrock mining.*

## Land open to mining

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| There is no general right to prospect for coal on public lands; permission is required for exploration in specific areas. | Self-initiated mining exploration is allowed on any "public domain" land not previously "withdrawn" the Secretary of Interior or Congress. Over 350 million acres of public lands, primarily in the West, remain open to hardrock mining under the 1872 Law. |
| Public lands are available for coal leasing after they have been evaluated by a land use planning process. Planning must consider competing uses, protection of critical environmental areas, application of unsuitability criteria, and the views of other government agencies. | Regardless of land use planning, land is withdrawn from mining by exception, rather than opened by exception. Withdrawals must be made under separate action by the Secretary. The position of some mining advocates is that "[l]and use plans cannot be used to prevent mineral activity" and do not override the interests of mining claimholders.[2] |

## Return to taxpayers

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| The government collects royalties of 8% of gross for underground mining; 12.5% for surface mining | The government gives away hardrock minerals, collecting no royalty. |
| Coal leases are subject to competitive bids. Annual rental payments are required, and no bids are accepted for less than "fair market value." Because royalty amounts are set by statute, a "bonus bid" is generally the deciding factor in lease awards. | No rental payments or bonus bids are required. Claims are staked on a "first-come, first-mine" basis to gain "exclusive possession" of the surface for mining of hardrock or "locatable" minerals. Claim location and maintenance fees are earmarked for mining-related expenditures. |
| In addition to royalties and rental fees, the coal industry pays tonnage fees for reclamation of abandoned mines. In 2007, collections were nearly $309 million. These fees are distinct from reclamation bonding on current operations. | No fees are collected from the hardrock industry to pay for cleanup of legacy mines. |

## Time limits and due diligence requirements

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| Coal lessees must meet diligence development requirements, initiating production within 10 years of lease issuance and producing "commercial quantities" of coal each year thereafter. | Claims are not subject to due diligence requirements or time limits. Large numbers of claims held for many years have never been mined. |
| Lease terms are set for 10 to 20 years but may be renewed and may be altered on renewal. | Mining "plans of operation" generally run for the "life of the mine." Some mines have been placed into "care and maintenance" or "temporary cessation" for many years. |

## Protections

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| Leased land stays in public ownership. | Claimholders may buy land for no more than $5 per acre. This "patenting" has been temporarily halted through appropriations riders since 1995. |
| The Department of Interior may initiate leasing for mining in specific area or may respond to a request for the lease of a specific tract. Discretion to approve or condition leases to assure protection rests with the Department. | Mining approval may be conditioned on certain practices or "mitigation" requirements, but outright denial is rare. Some argue that the Mining Law does not allow for a "mine veto" even in cases of "substantial irreparable harm."[3] |
| Coal mining on public lands and elsewhere is regulated under the Surface Mining Control and Reclamation Act (SMCRA). | Mining Law is silent on environmental protection, and no law similar to SMCRA governs hardrock operations. Mine plans are approved under authorities of the Federal Land Policy and Management Act (FLPMA) and other authorities. FLPMA prohibits "unnecessary or undue degradation" of public land, but these authorities are generally not used for denial of major mines. |

[1] See U.S. Department of Interior, Minerals Management Service, Minerals Revenue Management, Commodities Statistics for onshore coal at http://www.mrm.mms.gov/Stats/comm.htm.
[2] Comments of the Northwest Mining Association on Proposed Rule on Surface Management Regulations, letter to the Bureau of Land Management dated December 28, 2001.
[3] *Ibid.*