

Obama signs mining land swap measures into law

Two copper projects in Arizona and Nevada will now advance to the next stage as the National Defense Authorization Act has now become law.

Dorothy Kosich | 22 December 2014 11:43

The NDAA includes land swaps that benefit the Resolution Copper Project in Arizona. Rio Tinto Copper's CEO says the passage of the land exchange at Resolution will help it establish the full potential of the resource and provides a clear road map to commercial development.



President Barak Obama has signed the National Defense Authorization Act (NDAA) into law, which includes riders containing the largest public lands package since 2009, which includes land swaps that benefit the Resolution Copper Project in Arizona and the Pumpkin Hollow Copper Project in Nevada.

A joint venture of Rio Tinto and BHP Billiton allows for the exchange of 2,400 acres of federal land at Oak Flat around the deposit for 5,400 privately owned acres of land held by Resolution Copper including riparian habitat on the lower San Pedro River. The high-value conservations land were identified through the input from the U.S. Forest Service, the Bureau of Land Management, the Audubon Society and others. The swap consolidates ownership of the land where the mine will be developed and operated.

In an e-mail to the Wall Street Journal, Rio Tinto Copper chief executive Jean-Sebastien Jacques said, "Passage of the land exchange at Resolution will help us establish the full potential of the resource and provides a clear road map to commercial development."

"Resolution is a central component of our copper strategy and we are willing to invest in development over many years to bring high-quality, long-life copper assets into production," he said.

The underground mine is expected to yield more than one billion pounds of copper annually, or 25% of U.S. copper demand. Mine life is estimated to be at least 40 years. It is expected to directly employ 1,400 persons. The mine is expected to generate \$61.4 billion in economic benefits to Arizona over its lifetime, including nearly \$20 billion in local, state and federal taxes.

Rio Tinto, the operator of Resolution, hopes to begin producing copper in the mid-2020s. However, the project is now subject to a comprehensive environmental and regulatory review process.

Native American groups are opposed to the project, and arguing it is significant to both Apache and Yavapai people. "It is clear that Oak Flat is a holy and sacred site for many Western Apache, Yavapai and other Native American people. Its protection is a matter of religious freedom, which is supposed to be protected under the U.S. Constitution and the founding principles of this nation," said the Arizona Mining Reform Coalition.

Another NDAA rider advances a far less controversial mining project than Resolution. The City of Yerington, Nevada, can now partner with Nevada Copper to develop 12,500 acres of land surrounding the Nevada Copper Pumpkin Hollow project site to be used for mining activities, industrial and renewable energy development and recreation," said U.S. Sen. Dean Heller, R-Nevada in December 10 remarks on the floor of the Senate.

Nevada Copper plans to invest \$80 million in infrastructure for the mine and processing facilities.

The City of Yerington and Nevada copper will now complete the acquisition of federal lands from the Bureau of Land Management within six months. Concurrently, Nevada Copper will move to complete the remaining Stage 2 State permitting by the second quarter of 2015, which will allow for construction of a much larger 70,000 tpd copper mine.

Currently under construction, Nevada Copper's first stage underground project is permitted for 6,500 tpd.

Anticipated average copper production for the first five years is 75 million pounds annually from the Stage 1 underground mine and 221 million pounds a year from the Stage 2 open pit mine.

In a recent news release, Timothy Dyhr, Nevada Copper's vice president, environment and external relations, observed, "Pumpkin Hollow has overwhelming support from Yerington, Lyon County and the State of Nevada, and has no environmental issues or land use conflicts."

"With passage of the bill, our total proven and probable reserves of 5.2 billion pounds of copper, 989,000 ounces of gold and 32.9 million pounds of silver positions Pumpkin Hollow as one of the very few large copper projects in the world that has a clear path to production while also being located in an ideal jurisdiction with existing infrastructure," said Nevada Copper CEO Giulio Bonifacio.

While facilitating the aforementioned mining operations, the NDAA also locks up "hundreds of thousands of acres of land," said Competitive Enterprise Institute's Center for Energy and Environment Director, Myron Ebell. "Locking up federal land so it cannot be used to produce natural resources, such as energy, minerals, livestock and time, has a devastating economic effect on people in the rural West."

Almost 100 million acres of federal land is already designated as wilderness, where mining and other multiple use activities are banned. The NDAA designates 245,000 acres of land in Nevada and four other states as wilderness areas and withdraws another 289,000 acres from natural resource production, including mining.