

# Committee on Resources

resources.committee@mail.house.gov

[Home](#) [Press Gallery](#) [Subcommittees](#) [Issues](#) [Legislation](#) [Hearing Archives](#)

## Testimony by

**Jerry Hepworth,**

**Environmental Manager – Coeur Rochester Inc. and Project Lead for the Rochester Industrial Complex Project – Coeur d’Alene Mines, Inc.**

U.S. House of Representatives  
Committee on Resources  
Subcommittee on Energy and Mineral Resources

Field Oversight Hearing on  
“ Sustainable Development Opportunities in Mining Communities”

Thank you for the opportunity to testify today on a subject that is very much in the minds of our company and its employees, as the Rochester Mine nears the end of mining. It’s not called sustainable development, but it has everything to do with maintaining mining as part of our rural lifestyle, which is an integral part of the West’s history, and if you understand it as I do, a vital part of our country’s future. As we all know, mining is part of the basic foundation for maintaining our technological society; all it has become and all it can be.

First, I want to present just a little company and personal background to help set the stage for my testimony. I just recently passed my 30th anniversary in the mining industry. Most of that time, I’ve been in the metal mining business in the west, particularly in Northern Nevada. I also have some experience in Latin America, as most mining professionals do these days. For the past 13 years, I’ve resided in Winnemucca, Nevada and have maintained and nurtured a long-term marriage, raised a family, and participated in public activities, in part, because of the opportunities offered by the mining industry. Over the years, I’ve worked for several mining companies, all of which had a fundamental ethic of employee health and welfare as well as environmental awareness. This ethic is not something that we must do because of rules and regulatory, but the very way we conduct our business.

For the past 5 years, I’ve worked at the Rochester Mine, near Lovelock, Nevada for Coeur d’Alene Mines. Coeur has several other operating mines in Idaho, Chile and Argentina. Coeur also has advanced projects in Alaska and Bolivia. Coeur is a U.S. company, which is international in scope, and this is important to keep in mind when discussing sustainable development, because there are stark differences in social needs and geo-political realities in other parts of the world.

At the Rochester Mine, you’ll find some of the best people I’ve had the pleasure of working with. These are caring people, who readily volunteer their time to the community. I’ve heard it said that if you’re in a car accident in Nevada, make sure it’s near a mine, since the level of care you will receive is a direct reflection of these fine people. Most of these fine folks are in Lovelock because of the Rochester Mine. The individual skills and training, which are part of the modern mining business, are injected into the community and all who live there benefit. And that’s just the human side.

On the economic side, the stark reality of what a mine can bring to a small rural community is incredible. High-paying, skilled jobs generate disposable income which creates the demand for new businesses, and a federal, state and local tax base, which more than supports the expected social/government services needed by the miners. Again, everyone in the community benefits.

My comments regarding sustainable development must begin on the “macro” scale. Sustainable development as a concept made its debut in 1993 at the Rio de Janeiro Earth Summit. Sustainable development is a large concept, on the scale of world peace, yet I’ve seen it fostered into many elements of our society. I serve on the state Libraries and Literacy Council and we administer grant awards to Nevada’s library system. One of the fundamental questions asked of all grant applicants is how will the current

proposal be sustained? I also serve on the BLM's Resource Advisory Council, representing energy and minerals. This group is also very much interested in sustainability from the broad perspective of the many resources that are managed by BLM. As a consumer, I've recently upgraded my personal computer system and one of the services now offered is return/recycling of your old system. This is part of the "life-cycle" analysis include in programs like ISO 9000/14000 in the manufacturing industry.

While this concept has made considerable inroads to our thinking from policy development to personal decisions, it's a complex subject. Even arriving at a definition for sustainable development that makes sense is difficult. One that I've come across that seems to make sense for many is, "Development of the present without compromising the future". It shouldn't mean the mining company (or any entity) pays for everything, forever. I also feel strongly that sustainable development is more than a passing trend; one that will not go away and one that everyone must engage proactively in spirit and substance. It may be called something else 10 years from now, but the concept will live on because "it's the right thing to do".

For mining, this is a bit more difficult concept, because we are generally labeled as a "non-renewable" resource industry. This has always been puzzling to me, since everything is renewable, and it's just a matter of time. That's the conundrum with mining and sustainable development; the concepts of "renewable and sustainable" are in human time frames. As such, sustainable development and mining should consider both short term and longer term cycles, but must remain within the human time frame – even though the resources we develop are a product of geologic time.

Sustainable development and mining should also consider the industry life-cycle – exploration, operations and mine closure. I don't think it's appropriate to just view mine closure in the context of sustainable development, since it's the entire life-cycle that truly represents sustainability. Remember, a healthy industry is needed to support and implement sustainability.

Consider exploration, which is the "research and development" arm of a viable mining industry. In order to foster new and expanded mining development, new resources must be discovered. Over the years, I've seen this change quite dramatically, since few small mining companies remain and the role of the prospector has largely become extinct. Why? Few incentives remain in the U.S. for mineral development as compared to foreign resources. As such, and is the case with Coeur, exploration dollars are being invested in those countries that foster and support a healthy mining industry. Bottom line: It has become progressively more difficult to discover and develop mining resources in the U.S. Since exploration is the R & D of mining, the real incentive is resource discovery, first and foremost. Sound public policy must be developed and implemented to support this goal.

For existing operations, like Rochester have undergone considerable changes over the years. Not only are mines subject to uncontrollable changes in commodity prices, energy and other operating expenses have ballooned over time. But these changes also similarly affect mines in other countries. However, regulatory requirements are one area that seems to be disproportionate in the U.S. In my career, I've seen the implementation of most of the regulatory programs affecting mining. Each one of these programs was well intended and I am proud to have actively participated in Nevada's mining regulations. However, the cumulative effect of the myriad of laws and regulations controlling the domestic mining industry, place domestic operators at a world-wide disadvantage. Most importantly, it's not so much what is required, it's how unpredictable the process of gaining regulatory approvals has become. So, any changes in law or regulation must consider the context under which a mine was initially developed and how future development decisions will be made. Again, this is a fundamental precept of sustainability, which is entirely different from the "command and control" basis of most regulatory programs.

Mine closure has been a fairly "hot topic", since negative examples of smaller orphaned mines are often highlighted. Bonding for closure also continues to be a real issue. More recently, and definitely affected by the events of 9/11 and this hurricane season in Florida, the insurance market has changed. Gone are the days of obtaining a reasonably priced closure bond for metal mining. Combine this with increasing regulatory requirements and the government's responsibility to make sure bonds are "adequate", and yet another burden has been placed on the domestic mining industry. In the spirit of sustainable development, we need to have a paradigm shift in our thinking about the mining life-cycle.

In fact, when considering sustainable development opportunities in mining communities, we need another paradigm shift for mine closure. In other words, closed mines should not be considered a liability, but a potential asset. Current thinking emphasizes tearing down everything at mine closure and returning the land to a pre-existing land use. Sustainable development should encourage subsequent development of the

existing mining infrastructure and business incentives to legitimately investigate and develop alternate uses. We must also be mindful that new technologies will be developed, making the remaining resources available to future generations, IF this is allowed and appropriately managed.

Coeur is seriously reviewing alternate business opportunities at the Rochester Mine, yet at almost every turn we encounter significant institutional barriers. For instance, since most of the land that Rochester has developed is public domain administered by BLM and land ownership is a prerequisite to other business development, we have offered to purchase the land. After considerable time and expense this effort is stymied under the umbrella of an election year and the unwillingness of the existing system to make new, innovative, but appropriate decisions. So...we have turned to legislative solutions and support Congressman Gibbons' efforts to recognize the unique opportunities and challenges faced by Nevada mining on public lands. This type of thinking, which has precedent in the Southern Nevada Lands Management Act, similar efforts in Lincoln and Pershing counties should be pursued.

But when considering legislative remedies, one must also consider sustainable development. In other words, how is the legislative process sustained - from changes needed over time to funding? In addition, we should be mindful of the change in regional demographics and the needs and limits population growth injects into the rural life style. Only "home grown" jobs can best help rural economies and tourist guides and food servers cannot hope to equitably replace the high-paying jobs created by mining.

In closing, we need to foster sustainable development in the mining industry in ways not yet considered. Solving the land ownership issue is the largest current hurdle, since mining companies cannot legitimately pursue other business opportunities without land tenure. This must be quickly followed by addressing other regulatory barriers when the transition from mining to another proposed business.

Few things are accomplished in the developed world without sound government policy and sound policy is needed now since the domestic hard rock mining industry is in decline, in spite of recent commodity price increases. Mining schools have closed, we have an age gap for trained engineers, regulatory requirements continue to escalate, regulatory decisions are appealed at every turn by the anti-mining groups, and the public continues to become disconnected from basic industry and its contribution to the fundamental "value-added" foundation of our economy.

In spite of these challenges, I have faith in the spirit of this country and remain very proud to be a miner, a Nevadan and a concerned citizen. I stand with many other fine individuals and companies to not only request your assistance, but to also help "pull on the rope" to insure that sustainable development becomes an integral part of the mining life cycle.