



To: House Committee on Natural Resources Republican Members
From: Subcommittee on Energy and Mineral Resources; Ashley Nichols
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Date: May 20, 2022
Subject: Remote Legislative Hearing on H.R. 2794 (McCollum), the Boundary Waters Wilderness Protection and Pollution Prevention Act

The Subcommittee on Energy and Mineral Resources will hold a remote legislative hearing on H.R. 2794 (McCollum), the Boundary Waters Wilderness Protection and Pollution Prevention Act, on **Tuesday, May 24, 2022, at 2:00 p.m.**, via Cisco WebEx.

Member offices are requested to notify Ashley Nichols (Ashley.Nichols@mail.house.gov) **no later than Monday, May 23, at 4:30 p.m.**, if their Member intends to participate via his/her laptop in the hearing room or remotely from another location. Submissions for the hearing record must be submitted through the Committee's electronic repository at HNRCDocs@mail.house.gov. Please contact David DeMarco (David.DeMarco@mail.house.gov) or Everett Winnick (Everett.Winnick@mail.house.gov) should any technical difficulties arise.

I. KEY MESSAGES

- To secure a domestic supply chain of critical minerals, Twin Metals and projects like it must be allowed to go through the regular review process without politically motivated interference.
- H.R. 2794 (McCollum, D-MN) would withdraw 234,238 acres of the Superior National Forest in northern Minnesota from mineral development. This bill directly targets the Twin Metals mining project and would also prohibit future hardrock mining in the area. The bill nominally exempts iron and aggregate mining from the withdrawal, but leaves this exemption to the administration's discretion, raising concerns that non-hardrock mining could be impacted as well.
- The Duluth Complex, which Twin Metals would develop, is a world-class mineral deposit containing nearly 8 billion tons of copper, nickel, cobalt, and platinum group metals.¹ These minerals will see huge upswings in demand due to their use in battery storage, electric vehicles (EVs), and other rapidly expanding sectors.
- If developed, the Duluth Complex could constitute 95 percent of U.S. nickel reserves, 88 percent of U.S. cobalt reserves and 75 percent of U.S. platinum-group resources.²
- Developing the resources in this region is in the national interest due to the critical role the resources can play in the rapidly growing renewable energy sector and the need reduce American

¹ Mining Minnesota. <http://www.miningminnesota.com/duluth-complex/>.

² Twin Metals Minnesota. <https://www.twin-metals.com/modern-mining/>.



dependence on foreign mineral sources. It would also provide immense economic benefits to the surrounding area. Twin Metals alone would provide about 750 direct full-time jobs and 1,500 indirect jobs. Further development of the Duluth Complex by other companies could generate even more employment and economic opportunities.³

- Despite the potential economic benefit to the region and growing demand for minerals, the Biden administration has taken multiple actions to prevent the Twin Metals mine from going forward, instead of allowing the regular review process to take place.⁴

II. WITNESSES

- Julie Padilla, Chief Regulatory Officer, Twin Metals Minnesota, Ely, MN [*Republican witness*]
- Tom Tidwell, Former Chief of the U.S. Forest Service, McCall, ID
- Steve Piragis, Owner, Piragis Northwoods Company, Ely, MN
- Julia Ruelle, Board Member, Kids for the Boundary Waters, Minnetonka, MN

III. BACKGROUND

History of Mining in Northern Minnesota and the Superior National Forest: Northern Minnesota is home to the historic Iron Range, which has been safely mining iron ore, a critical component in steelmaking, for more than 130 years. Taconite, the lower-grade iron ore mined in northern Minnesota today, accounts for around 80 percent of America's steel supply.⁵

The Superior National Forest in northeastern Minnesota contains 3.7 million acres of National Forest System land, including the Boundary Waters Canoe Area Wilderness (BWCAW). The BWCAW encompasses over a million acres, with an additional “buffer zone” of 227,000 acres in the Mining Protection Area, a unique designation created by the Boundary Waters Canoe Area Wilderness Act of 1978.⁶ This region is a part of the Rainy River Watershed. Under the Superior National Forest and throughout the Iron Range lies the Duluth Complex, one of the largest undeveloped mineral reserves in the world.⁷ (See [area map](#).)

The region's vast amounts of copper and nickel, as well as cobalt and platinum metal groups, began to attract interest decades ago. According to the Superior National Forest Plan, mining is a “desired condition.”⁸ Two mining leases were granted to project proponents in 1966 for an initial term of 20 years, with rights to renew for 10 years.⁹ These leases have been renewed multiple times since.¹⁰ The project has had different operators since its inception and has yet to begin production due to very high capital and exploration costs.

³ Twin Metals Minnesota. About the Project. <https://www.twin-metals.com/meet-twin-metals/about-the-project/>.

⁴ Department of the Interior. Press release. “Share Biden Administration Takes Action to Complete Study of Boundary Waters Area Watershed.” October 20, 2021. <https://www.doi.gov/pressreleases/biden-administration-takes-action-complete-study-boundary-waters-area-watershed>.

⁵ Bloomquist, Lee. “Domestic steel production reaches new highs.” June 10, 2021. http://www.businessnorth.com/around_the_region/domestic-steel-production-reaches-new-highs/article_af096364-ca04-11eb-a7af-9ffd24acb7eb.html.

⁶ U.S. Department of Agriculture. U.S. Forest Service. “BWCAW Overview and History.” <https://www.fs.usda.gov/detail/superior/specialplaces/?cid=stelprdb5203434>.

⁷ Mining Minnesota. “Minnesota's Vast Mineral Resources.” <http://www.miningminnesota.com/duluth-complex/>.

⁸ U.S. Forest Service. Superior National Forest. Forest-wide Management Direction. https://www.fs.usda.gov/Internet/FSE_DOCUMENTS/fsm91_050599.pdf.

⁹ Twin Metals Minnesota. “Fact: Twin Metals Minnesota's Federal Mineral Preference Right Leases Mines 1352 & 1353.” December 15, 2016. <https://www.twin-metals.com/wp-content/uploads/2016/12/TMM-Lease-Renewal-Facts-12-15-16.pdf>.

¹⁰ *Id.*

In the last days of the Obama administration, the U.S. Forest Service (USFS) filed an application with the Bureau of Land Management (BLM) to withdraw 234,328 acres in the Superior National Forest from mineral development, immediately halting all mining activities pending the results of an environmental review.¹¹ The Obama administration also declined to renew the two mineral leases held by Twin Metals Minnesota, despite their long tenure and hundreds of millions of dollars spent exploring the prospective mine site.¹² Members of both political parties decried this decision. This notably included Senator Amy Klobuchar, who said in a December 16, 2016, email to then-Secretary of Agriculture Vilsack, “It should have been handled through the normal process. It wasn’t...I truly believe a thorough EPA review would have told us if it is safe or not, but other considerations ruled...I just wanted a fair process based on science that told us the truth. That is not how this feels.”¹³

After 15 months of environmental review, the Trump administration cancelled the application for the mineral withdrawal on September 6, 2018, and reinstated the mineral leases on May 2, 2018.¹⁴ In December 2019, Twin Metals Minnesota formally submitted a Mine Plan of Operation to begin the federal permitting process to develop the Duluth Complex, with the Minnesota Department of Natural Resources conducting its own environmental impact review as well.¹⁵

H.R. 2794 would legislatively enact the Obama-era withdrawal, interrupting analysis of the submitted Mine Plan of Operation and permanently withdrawing the 234,238 acres in question from mineral development. In her previous capacity as a Member of the House Committee on Natural Resources, Secretary Haaland cosponsored H.R. 5598 (McCollum), the version of H.R. 2794 from the 116th Congress, and voted in favor of the bill at a September 30, 2020, House Committee on Natural Resources markup.¹⁶

Actions of the Biden Administration: In an attempt to ensure the Biden administration would allow the regular review process to continue, on October 15, 2021, Ranking Member Bruce Westerman (R-Ark.) and Congressman Pete Stauber (R-Minn.) sent a letter to Secretary of the Interior Haaland asking 1) if the Secretary would follow the law and allow the longstanding leases to stay in place, and 2) if the Secretary would meet with all stakeholders, including project proponents, when considering actions regarding Twin Metals.¹⁷

Unfortunately, Secretary Haaland ignored Committee Republicans’ request. Just days after this letter was sent, the Biden administration restarted the process for a mineral withdrawal in the area, triggering an

¹¹ 82 Fed. Reg. 6639.

¹² “The Latest: Twin Metals: Reinstating leases ‘important step.’” May 2, 2018. Associated Press. <https://apnews.com/7c030dc4e85e4926a2028cb96e32b817>.

¹³ Strassel, Kimberley. “A Democrat Deflates a Trump ‘Scandal.’” Wall Street Journal. June 6, 2019. <https://www.wsj.com/articles/a-democrat-deflates-a-trump-scandal-11559862259>.

¹⁴ U.S. Department of Agriculture. “USDA Removes Roadblock to Mineral Exploration in Rainy River Watershed.” Press Release. September 6, 2018. <https://www.usda.gov/media/press-releases/2018/09/06/usda-removes-roadblock-mineral-exploration-rainy-river-watershed>; U.S. Department of the Interior. “Rescission of December 15, 2016, Lease Renewal Application Rejection. Reinstatement of Mineral Leases MNES 01352 & MNES 01353 as Issued in 2004. Reinstatement of Twin Metal’s 2012 Lease Renewal Application.” May 2, 2018. <https://www.twin-metals.com/wp-content/uploads/2018/05/2018.05.02-Twin-Metals-Lease-Reinstatement-Decision-002.pdf>.

¹⁵ Kamowski, Steve. “Twin Metals Minnesota files formal mine plan with regulators.” Associated Press. December 18, 2019. <https://apnews.com/3cb7d821267e8ada06e1817b5c380eef>.

¹⁶ Committee on Natural Resources, Roll Call Vote on Final Passage: H.R. 5598, September 30, 2020, <https://docs.house.gov/meetings/II/II00/20200930/111068/CRPT-116-II00-Vote003-20200930.pdf>.

¹⁷ Letter from Ranking Member Bruce Westerman and Congressman Pete Stauber to Secretary Debra Haaland, re: consideration of administration action regarding Twin Metals Minnesota, dated October 15, 2021, <file:///R:/117th%20Energy%20and%20Mineral%20Resources/2022%20Hearings/5.24.22%20Boundary%20Waters%20Legislation/Official%20correspondence/10.15.2021%20Letter%20to%20Int%20Sec%20Haaland%20Leases.pdf>.

automatic two-year pause on mineral activities while the withdrawal application is analyzed.¹⁸ This decision solicited extensive comments from project proponents, multiple unions, local economic development groups, and other organizations objecting to the withdrawal. On January 26, 2022, the Biden administration took another step by cancelling the two mineral leases dating back to 1966 that are held by Twin Metals Minnesota.¹⁹ These actions interrupted regular regulatory review under the National Environmental Policy Act (NEPA, 42 U.S.C. 4321 et seq.), including an Environmental Impact Statement to thoroughly analyze Twin Metals' Mine Plan of Operations.²⁰ Mines in the United States cannot be permitted without extensive safety, environmental mitigation, and water treatment plans; unfortunately, none of those factors can be properly analyzed if the Biden administration refuses to review the project.

Global Demand and the Role of the Duluth Complex: Hardrock minerals are necessary to modern life, used in a variety of high-tech applications including smartphones, defense systems, and renewable energy technologies.²¹ Despite substantial U.S. reserves, most of these resources are sourced abroad, particularly from China. Our major import reliance poses clear national and economic security concerns.

In the coming decades, the world will experience surges in demand for minerals due to growth in renewable energy technologies and policies incentivizing carbon-free energy sources. For instance, achieving a global net-zero emissions economy would require six times more mining by 2040 than what occurs today.²² Attempting to meet the goals of the Paris Agreement would increase demand for copper and rare earth elements by over 40 percent, demand for nickel and cobalt by 60 to 70 percent, and demand for lithium by nearly 90 percent.²³ The Duluth Complex could be a crucial supplier of copper, nickel, and cobalt, all of which are vital for EVs and other renewable technologies.²⁴ This deposit is one of the richest in the world, containing an estimated 7.7 billion short tons of ore in total.²⁵ Twin Metals Minnesota is planning to mine 180 million short tons over 25 years.²⁶

President Biden has issued Executive Orders to rapidly increase renewable energy deployment, thus increasing demand for minerals. For instance, by 2030, the President aims to have 50 percent of new cars and light trucks sold in the United States be zero-emission vehicles,²⁷ but EVs require six times the mineral input as a conventional car.²⁸ The Biden administration acknowledged this reality in a June 2021 report, which stressed the importance of minerals like copper, nickel, lithium, and cobalt to reach the

¹⁸ Department of the Interior. Press release. "Biden Administration Takes Action to Complete Study of Boundary Waters Area Watershed." October 20, 2021. <https://www.doi.gov/pressreleases/biden-administration-takes-action-complete-study-boundary-waters-area-watershed>.

¹⁹ Department of the Interior. Press Release. "Interior Department Takes Action on Mineral Leases Improperly Renewed in the Watershed of the Boundary Waters Wilderness." January 26, 2022. <https://www.doi.gov/pressreleases/interior-department-takes-action-mineral-leases-improperly-renewed-watershed-boundary>.

²⁰ Bureau of Land Management. NEPA number: DOI-BLM-Eastern States-0030-2020-0006-EIS. <https://eplanning.blm.gov/eplanning-ui/project/1503233/510>

²¹ David Iaconangelo. "Rare earth 'critical' for U.S. offshore projects — study." E&E News. April 5, 2019.

<https://www.eenews.net/energywire/2019/04/05/stories/1060143799>.

²² International Energy Agency. "The Role of Critical Minerals in the Clean Energy Transition." Executive Summary. <https://www.iea.org/reports/the-role-of-critical-minerals-in-clean-energy-transitions/executive-summary>.

²³ *Id.*

²⁴ Thompson, Anne and Douglas, David. "Mining the gap: Companies push to find raw materials for electric vehicle boom." NBC News. November 12, 2021. <https://www.nbcnews.com/science/environment/mining-gap-companies-push-find-raw-materials-electric-vehicle-boom-rcna5077>; Scheyder, Ernest.

"Exclusive: Tesla expects global shortage of electric vehicle battery minerals -sources." Reuters. May 2, 2019. <https://www.reuters.com/article/usa-lithium-electric-tesla-exclusive-int/exclusive-tesla-expects-global-shortage-of-electric-vehicle-battery-minerals-sources-idUSKCN1S81QI>.

²⁵ Twin Metals Minnesota. Staff briefing. February 3, 2020.

²⁶ *Id.*

²⁷ Exec. Order 14037, 86 Fed. Reg. 43583 (Aug. 10, 2021).

²⁸ International Energy Agency, "The Role of Critical Minerals in Clean Energy Transitions," May 2021, <https://iea.blob.core.windows.net/assets/278ae0c8-28b8-402b-b9ab-6e45463c273f/TheRoleofCriticalMineralsinCleanEnergyTransitions.pdf>.

administration's ultimate goal of net-zero emissions by 2050.²⁹ In February 2022, DOI established an Interagency Working Group on hardrock mining to "support President Biden's vision for a whole-of-government effort to promote the sustainable and responsible domestic production of critical minerals."

The ongoing attempts to block mining in northern Minnesota are in direct conflict with the administration's purported goals of increased domestic mineral production, including the newly formed Interagency Working Group. Blocking development in the Duluth Complex and elsewhere will make President Biden's aggressive renewable goals nearly impossible to achieve and will increase the vulnerability of our mineral supply chains in the process.

Economic Impact: The national importance of the Duluth Complex is matched by its significance to the local community. Twin Metals has signed a project-labor agreement with the local Iron Range Building Trades Association, guaranteeing local jobs during the mine's construction.³⁰ Construction alone will create about 700 direct and 1,400 indirect jobs.³¹ Additionally, mining employment opportunities provide comparatively high wages, with an average mine worker in Minnesota earning close to \$90,000 compared to an average wage of approximately \$21,000 in the tourism industry.³² The economic benefits will be felt throughout the entire state, as mineral development provides funding to every school district in Minnesota through the Permanent School Fund.³³ This Fund has contributed around \$260 million to 337 public school districts over the past 10 years.³⁴ Given the myriad positive local impacts, numerous Minnesota stakeholders including labor unions, builders, miners, schools, local officials, and others have stated their strong support for the project.

Supporting Responsible Mining: Opponents of the proposed mine have cited concerns regarding potential impacts to water quality and the nearby wilderness area, as Twin Metals and the wilderness are both in the Rainy River Watershed. However, the project proposal is well outside of the wilderness area and the surrounding "buffer zone" established by the Boundary Waters Canoe Area Wilderness Act. Furthermore, the New Gold Rainy River Mine, an open-pit gold mine, is operating in the very same watershed across the border in Canada, where permitting timelines average 2 to 3 years.³⁵

Using historic mine contamination as "proof" of the dangers of mining is highly misleading. Today's mining industry is highly regulated and beholden to multiple environmental laws at the state and federal level. Furthermore, many projects choose to go above and beyond what is required by law. For example, Twin Metal Minnesota has decided to use "dry stack" tailings at its project, a method that compacts filtered tailings into a non-acid generating pile to be topped with vegetation.³⁶ Dry stack tailings require no dam, and therefore have no possibility of a dam failure.³⁷ Residual water generated during production

²⁹ The White House. Report. Building Resilient Supply Chains, Revitalizing American Manufacturing, and Fostering Broad-Based Growth. June 2021. <https://www.whitehouse.gov/wp-content/uploads/2021/06/100-day-supply-chain-review-report.pdf>.

³⁰ Vandervort, Keith. "Twin Metals inks project labor agreement with trades." The Timberjay. August 21, 2019. <http://timberjay.com/stories/twin-metals-inks-project-labor-agreement-with-trades,15357>.

³¹ Twin Metals Minnesota. Staff briefing presentation. September 2019.

³² *Id.*

³³ Bloomquist, Lee. "Mining Funds All Minnesota Schools." Mesabi Daily News. June 27, 2018. https://www.virginiamn.com/mine/mining-funds-all-minnesota-schools/article_e0220246-7979-11e8-b515-635cdec50b2c.html.

³⁴ *Id.*

³⁵ New Gold Rainy River Mine Environmental Assessment Compliance Report. Reporting Period January to December 2020. <https://sustainability.newgold.com/wp-content/uploads/2021/05/2020-Annual-Compliance-Report.pdf>; SNL Metals & Mining. "Permitting, Economic Value and Mining in the United States." 2015. https://nma.org/wp-content/uploads/2016/09/SNL_Permitting_Delay_Report-Online.pdf.

³⁶ Twin Metals Minnesota. Fact sheet. "Environmental Protection Measures." <https://www.twin-metals.com/resource/environmental-protection-measures-2/>.

³⁷ *Id.*

of ore concentrate would be captured and reused in the processing plant in a closed loop.³⁸ Twin Metals also plans to be a net-zero emissions project, transitioning its vehicles from diesel to electric.³⁹

Just as environmental considerations are given great weight in the United States, so too should labor standards for workers. Unfortunately, the same cannot be said for many other current source countries of critical minerals. Perhaps the most notorious example is mining in the Democratic Republic of the Congo, which produces the majority of the world's cobalt. The Congo has well-documented cases of child mining and other human rights abuses during mineral production, presenting a major ethical dilemma for electric vehicle and battery manufacturers who depend on cobalt for their products.⁴⁰ Efforts are underway to redesign EVs to use less cobalt and more nickel, but nickel is projected to have major demand increases as well, and will no longer be a reliable alternative. Unfortunately, unless a new project comes online, the U.S. will have no domestic production of nickel after 2025.⁴¹

In the face of rising demand and supply chain risks, as well as complex environmental and human rights concerns, maximizing domestic production in the Duluth Complex and elsewhere will help support responsible production of critical minerals for many years to come.

IV. Major Provisions of the Bill

- Authorizes the withdrawal of 234,328 acres of federal lands in the Rainy River Watershed of the Superior National Forest in Minnesota from mineral and geothermal energy development, subject to valid and existing rights.
- Authorizes exceptions to the withdrawal for the permitting of sand, gravel, granite, iron ore and taconite removal if the Chief of the Forest Service determines that such activities are not detrimental to water quality, air quality, and health of the forest habitat within the Rainy River Watershed.

V. Cost

The Congressional Budget Office has not scored the legislation.

VI. Administration Position

Unknown.

VII. Effect on Current Law (Ramseyer)

None.

³⁸ *Id.*

³⁹ Dr. Rens Verburg. "Local View: Acid Rock Drainage a Nonissue with Twin Metals Mine." Duluth News Tribune. January 14, 2022. <https://www.duluthnewtribune.com/opinion/columns/local-view-acid-rock-drainage-a-nonissue-with-twin-metals-mine>

⁴⁰ Niarchos, Nicolas. "The Dark Side of Congo's Cobalt Rush." The New Yorker. May 31, 2021. <https://www.newyorker.com/magazine/2021/05/31/the-dark-side-of-congos-cobalt-rush>.

⁴¹ Hughlett, Mike. "Planned Minnesota high-grade nickel mine would be U.S. rarity." Star Tribune. November 27, 2021. <https://www.startribune.com/planned-minnesota-high-grade-nickel-mine-would-be-u-s-rarity/600121263/?refresh=true>.

VIII. Area Map of Superior National Forest

