

Committee on Resources

Subcommittee on Energy & Mineral Resources

Statement

**STATEMENT OF BOB ANDERSON
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HOUSE RESOURCES COMMITTEE
SUBCOMMITTEE ON ENERGY AND MINERAL RESOURCES.
H.R. 3063,
TO INCREASE THE MAXIMUM ACREAGE FOR SODIUM LEASES
October 21, 1999**

Madam Chairman and members of the Subcommittee, I appreciate the opportunity to appear here today to discuss H.R. 3063, which would amend the Mineral Leasing Act to double the maximum acreage limits of Federal leases for sodium.

The Administration supports enactment of H.R. 3063. It will enhance full, efficient recovery of the Federal mineral assets; supporting economic development of a vital American industry. The current statutory limit of 15,360 acres for sodium leases is hampering, rather than enhancing, the goal of full efficient recovery of the sodium resource. Legislation is required to raise the acreage limit because it was set by statute, the Mineral Leasing Act of 1920, as amended.

We support H.R. 3063 because: 1) other leasable minerals have higher acreage limits; 2) mergers among soda ash firms have forced firms to work around acreage limits rather than focusing on maximum extraction of the minerals, and 3) new trona mining techniques which promote maximum recovery of the resource should be matched with larger mine size.

Sweetwater County in Southwestern Wyoming contains the world's largest body of trona deposits (estimated at 50-100 billion tons). Trona is mined on Federal lands through Federal sodium leases. Wyoming produces 90 percent of US soda ash from trona; 17.7 million tons were mined in 1998. The primary product of trona mining is soda ash (sodium carbonate), a basic industrial chemical that is used for glass making and a variety of consumer products, including baking soda, detergents and pharmaceuticals.

The sodium lease limit of 15,360 acres in any one state, 30 U.S.C. 184(b)(2), was established by Congress in an 1948 amendment to the Mineral Leasing Act of 1920. Significantly, the trona industry was in its infancy at the time of the 1948 acreage amendment and has greatly expanded since then. Trona deposits in Sweetwater County were discovered during 1938 exploration drilling for oil and gas. FMC developed the first mine in 1947.

Other leasable minerals have much higher acreage limits. Statutory acreage limits in any one state range from 1,920 acres for sulphur through 246,080 acres for oil and gas. Potash acreage limits are set by

regulation to 96,000 acres (effective November 1); potash has no statutory limit. Coal is capped at 46,080 acres.

Ownership patterns within the soda ash industry are changing through mergers and acquisitions. Two of the Bureau of Land Management's (BLM) sodium lessees in southwest Wyoming, FMC and Tg Soda Ash, merged in August 1999. The FMC acquisition of the Tg operation and leases in August 1999 and the Solvay acquisition of the Church and Dwight sodium leases in January 1999, have prompted questions by the public and industry as to whether the acreage limits for Federal sodium lease holdings need to be increased. Lease acreage is evaluated in accordance with 43 C.F.R. 3501.2, which assigns proportional ownership shares to the respective parties. FMC-Tg relinquished some leases during their merger process. BLM feels that it is in the public interest to allow companies to continue to hold mined out acreage in support of existing operations and where there is the possibility of future secondary recovery.

Mining technology has improved. Underground room-and-pillar mining, using a combination of conventional, continuous, and shortwall mining equipment, is the primary method of mining Wyoming trona ore. The method has an average 45% mining recovery, which is higher than the 30% average mining recovery from solution mining. Improved solution mining techniques, such as horizontal drilling to establish communication between well pairs, could increase this extraction rate and enable companies to develop some of the deeper trona economically. Technological advances are linked to the need for higher acreage limits because mined leased acreage must be retained by the mine operator for access and ventilation. New in-situ mining and processing techniques may be developed in the future.

The need for an increase in acreage limit is apparent when we note that the penalty for an acreage violation is lease cancellation (30 U.S.C. 184(h)(1)). The next lease renewal cycle for trona firms in the Green River Basin of Wyoming is 2006.

This concludes my statement. I will be pleased to answer questions.

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