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U.S. Mineral Resources Need To Be Mined, Not Undermined

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Mining of domestic minerals and metals is a cornerstone of the U.S. economy, but data just published by the Energy Information Agency (EIA) show investment in U.S. mining and exploration declined an incredible 35% last year—from 135 billion in 2014 to 88 billion in 2015. This represents the second largest decline since 1948. There has also been a secular increase over time of imported minerals.

Three factors are contributing to this decline. Opposition to mining by the environmental movement increases costs because of litigation and delays. The withdrawal of federal lands, often with permanent restrictions on mining, force manufacturers to look elsewhere and, in part because of the opposition of environmentalists, the permitting process is long and drawn out. And last, a delay of three to four years or more, which is not uncommon, can reduce the value of a mine by 30-40% or more, souring investor interest. All of these factors have been particularly hard on coal, which is also being displaced by increasing natural gas from the hydraulic fracturing shale revolution.

Federal holdings used to be called the “land of many uses,” but increasingly the government, bowing to environmentalist pressure, has decided that mining of coal and minerals is no longer one of those uses. Millions of acres, largely in the West, are now zoned for no mining, no matter how remote they might be. All of these factors make mining here more expensive than elsewhere.

Senators push for domestic mining

What can be done? Alaskan Senator Lisa Murkowski, to her great credit, has sponsored two bills that could improve the efficiency of energy and mineral development, especially with respect to federal permitting. The proposed bills are linked together in a larger energy bill now before the Senate Energy and Natural Resources Committee. Perhaps the most important part of this bill is an improved performance metric for federal agencies involved in various stages of permitting for energy development.

Joined at the hip to this energy bill is the proposed Mineral Security Act, also designed to expedite the permitting process and to therefore increase the amount of domestic mining.

Sad to say, the committee vote for this important legislation is being held up in the Senate Committee, not by federal, regional or state issues, but by local problems of contaminated drinking water in the city of Flint, Michigan.

Hope for America's energy renaissance

Nevertheless, until the final disposition of the energy and minerals bill is learned, there is hope on the horizon for minerals mining and energy production in general. The Supreme Court's stay of EPA's Clean Power Plan will provide real relief to the coal industry, as well as natural gas producers. In January, the House passed the Stream Act (H.R. 1644) which was crafted to block the Stream Protection Rule—a monstrous rule proposed by the Office of Surface Mining that would result in large waste and job loss in the coal fields. It awaits the attention of the Senate Energy and Natural Resources Committee. Finally, a U.S. District Judge in Anchorage issued an injunction to stop any further efforts by EPA to deny the Pebble Partnership due process rights to develop and submit a permit application to mine copper and gold in southwestern Alaska.

We recently detailed the sad tale of EPA's misuse of an obscure section of the 1977 Clean Water Act to stop the owners of what is, value-wise, the second largest copper-gold deposit on earth, from even applying for a permit. Things may be turning around in the mineral and mining world.

Within only the past five years, the U.S. has hit full stride in what is being called the American energy renaissance, and the U.S. is now the world's leader in both oil and natural gas production. Minerals mining can follow the same pathway of success, especially if the federal permitting process is streamlined—reducing processing time from months and years—to a number of days or a few weeks at most, as in many states. Passage of and adherence to the Energy Policy and Minerals Security bill would work to reduce permitting time and hence decrease unnecessary imports of many minerals that are abundant here. U.S. minerals need to be mined, not undermined.

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