

TESTIMONY

Written Statement of Don Newhouse

March 13, 2002

August of 1999 Bema Gold announced they would close the Yarnell Mining Co. office and cease funding for the project due to depressed metal prices. Their request to BLM to continue the permitting process was denied and the Environmental Impact study was halted. Bema Gold has stated publically that it intends to proceed with the project when a " favorable economic situation exists." The draft environmental statement still exists and this temporary departure could end at any time. In the meantime the residents of Yarnell live with this threat. Because Yarnell is in a two mile valley, there would be no escape from the fumes and emmissions from diesel generators, earth moving equipment, and blasting. This is particularly worrisome for those who moved to Yarnell specifically to alleviate the symptoms of respiratory deseases. Two-thousand miles away in Washington D.C., President Bush has rolled back mining regulations that would clear the way for Bema Gold (Yarnell Mining Co.) to devastate our community. The new 3809 rules that went into effect prior to the Bush administration would have given the agencies the option of denying this mine. Comments on the rule change elicited more than 35,000 responses which ran 50 to 1 against the rollback. Who was listening to our comments ? Not the administration! The process leading up to the draft environmental statement is interesting to say the least. Yarnell Mining Co.(Bema Gold) was in town several months before they submitted their plan of operation to BLM. They kept a very low profile but rumors were rampant as to their intentions. Most citizens felt this was just another scam to sell stock so denial was the response. In December of 1994 they did submit their mining plan of operation and BLM under the 1872 mining law began the process. There was immediate opposition to the project. The company chose a consulting firm and BLM authorizes that consultant. These" independent" consultants have, on numerous occasions, referred to Yarnell Mining Co. as their clients. How many clients would they have if they did not promote the project ? The consultants take precedence over any contrary opinions. Reports by graduate geologists and those experienced in sound levels were completely disregarded. No response. No rebuttal. No mention in the EIS. The mining plan was presented with a total of 1718 acres aquisition. The draft EIS noted only 280 acres to be disturbed plus a fenced area of 294 acres. When BLM was questioned about this discrepancy we were advised it was an issue beyond the scope of the EIS and was dropped from discussion. No explanation rendered even tho we asked the question repeatedly. Our reason for the inquiry was predicated on a situation along the Verde River in Arizona. The real estate division of a very large mining co. plans to develop an area they purchased for \$2.50 or \$5.00 an acre for mining. The mining project is long gone and the proposal is the development of a shopping mall, condominium units and a golf course on contaminated tailings waste rock dumps alongside the river. No clean-up, just cover up the pollution. A very lucrative investment. Probably legal under the 1872 mining law but another instance of corporate welfare. We have additional written comments on the draft environmental statement and will have them available to the committee at the hearing March 13.

Implementation of Environmental Law (overview)

This should be titled " Interior Department vs. Environmental Protection Agency vs. Bureau of Land Management ". These three entities housed under one umbrella are by the nature of their mandates locked in a battle of philosophies. Interior has a constantly

shifting vision of policy as political administrations periodically change from conservative to liberal and back like the tides of the sea. This years goals sometimes become next years political liability. Conservation or exploitation...expansion or recession...management or labor..etc. Sustained balance is difficult to achieve. This is especially true when examining the extractive industries, in particular precious metals, distinct from fuel minerals. Mining law enacted in 1872 had a social goal. The American West was seen as the logical fulfillment of the theory of "Manifest Destiny". The nation sought an incentive to promote a migration westward to populate and develop what were regarded as wastelands all the way to the Pacific Ocean. The riches of King Midas awaited those willing to make the trip. Who could reject the offer of land and all the resources beneath the surface free? The West expanded quickly and for 30 years mining boomed only to be followed by the inevitable bust. A small percentage of these pioneers were even mildly successful. The mines and towns were abandoned in favor of farming or cattle ranching. The destruction and pollution that mining had caused was ignored. Reclamation was unheard of for decades. The rivers and streams still harbor the toxins from historic mining. The nations plan was a success, the West is now heavily populated but at what cost? Remedial efforts have consumed billions of dollars and will continue into the unforeseeable future. About 7 decades later the nation realized that the environment was in jeopardy and thus was born the EPA. As it's name suggests environmental protection is the primary goal envisioned by Congress. The EPA has an almost impossible task in preventing the degradation of the environment. It has evolved into an agency determining only the degree of insult to our citizens, the water they drink, the air they breathe and the landscape they occupy. It is hamstrung in mining regulation by the 1872 Mining Law. This obsolete relic contains so many exclusions and exemptions that any meaningful environmental regulation is rendered impotent. If mining is still lawfully considered the "Highest and best use" of public lands a situation exists placing the mandate of the EPA in direct opposition to the law. The law of the land supercedes even the most modest attempts toward improved environmental regulation. The BLM is the real estate arm of the Interior Department. It's function is to manage the millions of acres of public lands in a fiscally advantageous manner. It has 3 basic sources of revenue. Ranching and Farming, Mining, and Forestry. Keeping the land in it's natural state is frowned upon as that generates no income. Intense pressures are generated by a wide variety of special interests. Developers, both housing

and commercial, farm and ranching ventures, but by far the most politically active and financially powerful are the domestic and multi-national industrial mining corporations. Foreign mining conglomerates dominate the precious metals activity in the West taking full advantage of our laws. Sacrificial wholly owned companies are formed to absolve the parent corporation from liability. The three agencies are staffed by many intelligent and dedicated people that face an almost insurmountable task. The focus of good government is confused by courses of action that are diametrically opposed through no fault of their own. Results will be marginal when conflict exists between mandate and bad law.

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