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Highlights

Highlights of [GAO-09-854T](#), a testimony before the Committee on Energy and Natural Resources, U.S. Senate

Why GAO Did This Study

The General Mining Act of 1872 helped open the West by allowing individuals to obtain exclusive rights to mine billions of dollars worth of gold, silver, and other hardrock (locatable) minerals from federal lands without having to pay a federal royalty. However, western states charge royalties so that they share in the proceeds from the hardrock minerals extracted from their lands. For years, some mining operators abandoned land used in their mining operations, creating environmental and physical safety hazards. To curb further growth in the number of abandoned hardrock mines on federal lands, in 1981, the Department of the Interior's Bureau of Land Management (BLM) began requiring mining operators to reclaim BLM land disturbed by these operations.

What GAO Recommends

This testimony focuses on the (1) royalties states charge and (2) number of abandoned hardrock mine sites and hazards. It presents information from two GAO reports: *Hardrock Mining: Information on Abandoned Mines and Value and Coverage of Financial Assurances on BLM Land*, [GAO-08-574T](#) (Mar. 12, 2008) and *Hardrock Mining: Information on State Royalties and Trends in Imports and Exports*, [GAO-08-849R](#) (July 21, 2008). GAO, among other steps, reviewed state statutes and regulations on royalties on hardrock mining operations and asked 12 western states and South Dakota to provide information on the number of abandoned mine sites and associated features in their states using a consistent definition.

View [GAO-854T](#) or key components. For more information, contact Robin M. Nazzaro at (202) 512-3841 or nazzaror@gao.gov.

HARDROCK MINING

Information on State Royalties and the Number of Abandoned Mine Sites and Hazards

What GAO Found

Twelve western states that GAO reviewed assess royalties on hardrock mining operations on state lands. The 12 western states are Alaska, Arizona, California, Colorado, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, and Wyoming. In addition, each of these states, except Oregon, assesses taxes that function like a royalty, which GAO refers to as functional royalties, on the hardrock mining operations on private, state, and federal lands. The royalties the states assess often differ depending on land ownership and the mineral being extracted. For example, for private mining operations conducted on federal, state, or private land, Arizona assesses a functional royalty of 1.25 percent of net revenue on gold mining operations, and an additional royalty of at least 2 percent of gross value for gold mining operations on state lands. The actual amount assessed for a particular mine may depend not only on the type of royalty, its rate, and exclusions, but also on other factors, such as the mine's location relative to markets.

To estimate abandoned hardrock mine sites in the 12 western states and South Dakota, we developed a standard definition for these mine sites and asked the states to report the number of mine sites and estimate the number of features at these sites that pose physical safety hazards and the number of sites with environmental degradation. Using this definition that GAO provided, states reported that there are at least 161,000 abandoned hardrock mine sites in their states, and these sites have at least 332,000 features that may pose physical safety hazards and at least 33,000 sites that have degraded the environment.

An Abandoned Mine Shaft in Oregon on BLM Land



Source: BLM.