



Highlights of [GAO-08-574T](#), testimony before the Committee on Energy and Natural Resources, U.S. Senate

Why GAO Did This Study

The Mining Act of 1872 helped foster the development of the West by giving individuals exclusive rights to mine gold, silver, copper, and other hardrock minerals on federal lands. However, miners often abandoned mines, leaving behind structures, safety hazards, and contaminated land and water. Four federal agencies—the Department of the Interior’s Bureau of Land Management (BLM) and Office of Surface Mining Reclamation and Enforcement (OSM), the Forest Service, and the Environmental Protection Agency (EPA)—fund the cleanup of some of these sites.

To curb further growth in the number of abandoned hardrock mines on federal lands, in 1981 BLM began requiring mining operators to reclaim lands when their operations ceased. In 2001, BLM began requiring all operators to provide financial assurances to guarantee funding for reclamation costs if the operator did not complete the task as required.

This testimony provides information on the (1) federal funds spent to clean up abandoned hardrock mine sites since 1998, (2) number of abandoned hardrock mine sites and hazards, and (3) value and coverage of financial assurances operators use to guarantee reclamation costs on BLM land. To address these issues, GAO, among other steps, asked 12 western states and Alaska to provide information on the number of abandoned mine sites and associated features in their states using a consistent definition.

To view the full product, including the scope and methodology, click on [GAO-08-574T](#). For more information, contact Robin M. Nazzaro at (202) 512-3841 or nazzaror@gao.gov.

HARDROCK MINING

Information on Abandoned Mines and Value and Coverage of Financial Assurances on BLM Land

What GAO Found

Between fiscal years 1998 and 2007, BLM, the Forest Service, EPA, and OSM spent at least \$2.6 billion (in 2008 constant dollars) to reclaim abandoned hardrock mines. BLM and the Forest Service have reclaimed abandoned hardrock mine sites on the lands they manage; EPA funds the cleanup of these sites, primarily on nonfederal lands through its Superfund program; and OSM provides some grants to states and Indian tribes to clean up these sites on their lands. Of the four agencies, EPA has spent the most—about \$2.2 billion (in 2008 constant dollars) for mine cleanups. BLM and the Forest Service spent about \$259 million (in 2008 constant dollars), and OSM awarded grants totaling about \$198 million (in 2008 constant dollars) to support the cleanup of abandoned hardrock mines.

Over the last 10 years, estimates of the number of abandoned hardrock mining sites in the 12 western states and Alaska have varied widely, in part because there is no generally accepted definition for a hardrock mine site. Using a consistent definition that GAO provided, 12 western states and Alaska provided estimates of abandoned hardrock mine sites. On the basis of these data, GAO estimated a total of at least 161,000 such sites in these states with at least 332,000 features that may pose physical safety hazards and at least 33,000 sites that have degraded the environment.

According to BLM’s information on financial assurances as reported in its November 2007 Bond Review Report, mine operators had provided financial assurances valued at approximately \$982 million to guarantee reclamation costs for 1,463 hardrock operations on BLM land. The report also estimates that 52 mining operations have financial assurances that amount to about \$28 million less than needed to fully cover estimated reclamation costs. However, GAO found that the financial assurances for these 52 operations are in fact about \$61 million less than needed to fully cover estimated reclamation costs. The \$33 million difference between GAO’s estimated shortfall and BLM’s occurs because BLM calculated its shortfall by comparing the total value of financial assurances in place with the total estimated reclamation costs. This calculation approach has the effect of offsetting the shortfalls in some operations with the financial assurances of other operations. However, financial assurances that are greater than the amount required for an operation cannot be transferred to another operation that has inadequate financial assurances. BLM officials agreed that it would be valuable for the Bond Review Report to report the dollar value of the difference between financial assurances in place and required for those operations where financial assurances are inadequate, and BLM has taken steps to correct this.

GAO discussed the information in this testimony with officials from the four federal agencies, and they provided GAO with technical comments, which were incorporated as appropriate.