

Tougher environmental laws pose challenge for mining industry

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For more than 150 years, mining has played an instrumental role in San Bernardino County's economy - from the California Gold Rush to present day.

Across the county, some of the world's richest deposits of limestone, aggregate and rare earth elements used to make everything from cement to guided missile systems lie embedded in pockets of desert terrain.

At the peak of the economy in 2005, mining operations in the county were assessed at more than \$1.5 billion and supported up to 2,500 jobs, with an annual payroll of more than \$100 million and tax revenues exceeding \$845,000, according to data provided by George Kenline, the county's mining geologist.

The county monitors or regulates 102 mines across the county.



TXI Riverside Cement mining operations continue under the lights Thursday in Oro Grande, 45 miles north of San Bernardino on Route 66. Oro Grande's mining history goes back to 1907, when the first cement mining plant was established. (Lea Reed/Correspondent)

There are 51 active or semi-active mines and 34 idle mines in the High Desert alone.

"It's our top private sector. It's a high-wage paying industry, and it's the most stable and the most long-term," said Supervisor Brad Mitzelfelt, whose district includes most of the High Desert region.

But the one industry that has been a sure-fire generator of sales and property tax revenue and high paying jobs stands imperiled by a confluence of tighter environmental laws and demand for renewable energy facilities that could impact mining output or push some mining operations out of California altogether.

ENVIRONMENTAL QUAGMIRE

The push to reduce greenhouse gas emissions and preserve large swaths of desert landscape have led to two pieces of legislation that could impede mining operations in the near future:

the Global Warming Solutions Act of 2006 and Sen. Dianne Feinstein's Desert Protection Act.

The Global Warming Solutions Act of 2006, also known as AB 32, mandates that California reduce its greenhouse gas emissions to 1990 levels by 2020. Feinstein's Desert Protection Act adds 1.2 million acres of land to Death Valley National Park, 234,000 acres to Joshua Tree National Park and establishes a new 1.4 million-acre Mojave National Preserve.

"We're going to be taking another 1.2 million acres that won't be available for mining due to Feinstein's Desert Protection Act," Mitzelfelt said of the expansion of the Death Valley National Park. "I think the mining industry needs to weigh in on those areas she's proposing to protect and put into preservation. We need to definitely look at those impacts and make sure we're not eliminating our ability to access resources that we may need some day."

On Friday, Mitzelfelt sent a letter to all cities and counties in Southern California urging them to support the California Jobs Initiative in a statewide effort to suspend AB 32.

"This is a terrible time to implement AB 32 in the state of California, and the cement industry is probably the most imperiled," the supervisor said.

Earlier this month, Mitzelfelt convinced his colleagues on the board to support the measure and to call for the repeal or suspension of the law until California's unemployment rate drops to 5.5 percent for four consecutive quarters.

It would be a sigh of relief to the aggregate mining industries in the county that manufacture cement, including TXI Riverside Cement in Oro Grande and Mitsubishi Cement Corp. in Lucerne Valley.

About two years ago, TXI built a \$400 million, state-of-the-art manufacturing facility that increased output from 1.2 million tons per year to about 2.2 million tons per year.

But despite the multi-million-dollar expansion, production is down 40 percent due to the flagging economy, and the company has had to lay off people periodically at a rate of about 80 employees per round, said Frank Sheets, company spokesman.

Compounding the problem is AB 32.

Emissions reductions under AB 32 will be accomplished through an enforceable statewide cap that will be phased in beginning in 2012. It has cement manufacturers and others in industries that produce heavy carbon dioxide emissions meeting with officials at the California Air Resources Board (CARB) to discuss a workable approach that will benefit both the environment and their industry.

"We work very hard to work with the regulatory

Mining in San Bernardino County

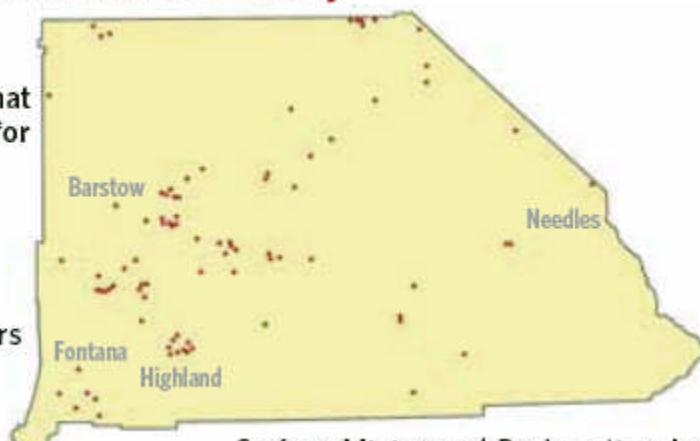
This map shows all mines in San Bernardino County that have active permits for operation.

MORE ABOUT MINING IN THE COUNTY

- The county monitors or regulates 102 mines. The High Desert alone has 51 active or semiactive mines and 34 idle mines (mines with intent to either resume operations if market conditions warrant or initiate reclamation).

- The county's advance planning department has recently permitted two new pumice/perlite mines and is in discussions with a probable applicant to permit a new large-scale silver mine.

- Statewide, San Bernardino County has the largest number of mines inspected under the rules of the



Surface Mining and Reclamation Act of 1975.

- San Bernardino County has produced or is producing everything from antimony to zinc.
- The county has some of the highest-purity carbonate rocks in the country and the richest rare-earth mine on this side of the planet.
- With nearly 12,000 acres disturbed, San Bernardino County has secured about \$36 million in financial assurances to ensure successful reclamation.

community to try to help generate reasonable regulation, however, in the state as a whole . . . the regulatory burden here in California is extreme, comparatively," Sheets said.

Jim Russell, plant general for Mitsubishi Cement Corp. in Lucerne Valley, said AB 32 will have a significant impact on capital expenditures.

"We're spending money we don't have right now," said Russell.

AB 32 poses a grave concern for Mitzelfelt, especially in regard to the county's cement industry.

"It could shut them down and chase them out of the state, and that would have a profound impact on the desert," he said. "It would be the worse thing to happen since they closed the George Air Force Base."

At Omya California Inc. in Lucerne Valley, which mines calcium carbonate for the manufacture of paper, plastics and pharmaceuticals, among other things, officials have had a unique situation of their own to deal with: federally endangered plants known as "carbonate endemics" that flower on carbonate rocks and are found mainly on the north side of the San Bernardino Mountains.

The plant species is threatened by active limestone mining, and vice versa.

"We are aware of areas that we wouldn't be able to mine into the future," said Omya geologist Howard Brown. "We've had to try and design our operations to avoid impacting these plants. It has allowed us to give greater thought to how we're going to deal with these things and come up with solutions that are workable to the mining companies."

As the county and its mining industries continue grappling with how they'll address myriad and evolving environmental issues, the efforts will be further compounded by the demand for renewable energy industries.

RENEWABLE ENERGY

In the last year, a spate of applications has poured into the county's planning department for renewable energy facilities in the High Desert. And while the county embraces the technology, it's not so crazy about the environmental regulations and mitigation that come with it.

"Renewable energy is the 800-pound gorilla that has just come into the room. They are the flavor of the day now," Mitzelfelt said.

There are more than 50 solar and wind projects currently proposed in the High Desert, from Trona to Needles. One of the biggest, the Ivanpah solar complex near the Mojave National Preserve, has been stalled by a Herculean mitigation requirement for desert tortoise habitat.

State and federal regulators are requiring Oakland-base BrightSource Energy, which is building the 4,000-acre complex in the Ivanpah dry lake bed near the Nevada border, to set aside 12,000 acres of private land to mitigate for the loss of desert tortoise habitat. The county contends the mitigation requirement chews up too much land and could hinder future development due to a lack of space, as well as other traditional desert activity such as off-roading and mining.

The conflict has throngs of local unemployed ironworkers and pipefitters in ire because they stand to gain employment for at least two years during the construction phase of the project. They're waiting, impatiently, for the project to move forward.

The county, however, has reservations.

"Renewable energy projects have the potential to bring substantial benefit to local jurisdictions, including jobs, and I support the development of renewable energy," said Mitzelfelt. "However, because of their sheer size and their location, usually on public lands, they will also have serious impacts on habitat and traditional economic activities, ranging from off-highway vehicle recreation to filming to mining."

He said local governments must be ensured compensation for increased demand on local services and that future economic opportunities are not inadvertently lost.

He said mining will end up competing for opportunities to develop due to the endangered species situation and newfound competition for renewable energy projects in the High Desert.

Mitzelfelt has already taken steps to ensure that TXI Riverside Cement in Oro Grande doesn't fall victim to planned annexation by Victorville and Helendale for future commercial and residential development. He's proposing boundary shifts that would create an unincorporated

donut hole around the mining facility, yet still allow the desert communities to move forward with their plans to change their sphere of influences.

"We never know when we're going to need those resources and for what," Mitzelfelt said of the vast deposits of minerals and rare earths burrowed throughout the county. "It's short sighted to close the door on our ability to get to them for a short-term goal."