

**Statement of
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Department of the Interior
House Natural Resources Committee
Subcommittee on Energy & Mineral Resources
H.R. 2512, Three Kids Mine Remediation and Reclamation Act
December 13, 2011**

Thank you for the opportunity to testify on H.R. 2512, the Three Kids Mine Remediation and Reclamation Act. H.R. 2512 seeks to resolve longstanding issues surrounding the abandoned Three Kids Mine, in Henderson, Nevada. During the past four years, the Bureau of Land Management (BLM) in Nevada has worked with Nevada governmental entities in search of administrative remedies to the problems posed by the abandoned mine. The BLM supports the goals of H.R. 2512, which aims to provide legislated solutions to the issues surrounding the Three Kids Mine area and clear the way for its eventual development. However, we have concerns and the legislation needs a number of modifications.

Background

The Three Kids Mine is an abandoned manganese mine and mill site located along the south side of Lake Mead Drive, across the highway from Lake Las Vegas, in Henderson, Nevada. The mine and mill operated from 1917 through 1961 on 314 acres of private land, in part providing steel-strengthening manganese to the defense industry and contributing to the United States' efforts in World War I and II. Federal manganese reserves were stored in the area from the late 1950s through 2003. H.R. 2512 directs 948 acres of the public lands adjacent to the private site be conveyed, bringing the total size of the project area to 1,262 acres. Of the 948 acres of public lands, 146 acres are contaminated and will require mine reclamation and environmental remediation. The most severe contamination appears to be on the 314 private acres where the mine and mill were located. No viable former operator or responsible party has been identified to remediate and reclaim the abandoned mine and mill site. Today, the site's deep open pits, large volumes of mine overburden and tailings, mill facility ruins, and solid waste disposal areas pose significant risks to public health, safety and the environment. The Nevada Division of Environmental Protection (NDEP) identified the Three Kids Mine site as a high priority for the implementation of a comprehensive environmental investigation, remediation, and reclamation program.

Representatives of the BLM, the Bureau of Reclamation, and the Department of the Interior Solicitor's Office have worked with the City of Henderson and representatives of developer Lakemoor Canyon, LLC, to find solutions to the complex challenges this site presents. Discussions have focused on overlapping Federal agency jurisdictions, land management designations and other resource issues, Resource Management Plan amendments, future liability, and an important utility corridor that traverses the site.

H.R. 2512

H.R. 2512 designates the combined 314 acres of private land and 948 acres of public land as the 1,262-acre "Three Kids Mine Project Site" and provides for the conveyance of the public lands to the Henderson, Nevada Redevelopment Agency. The legislation further provides that fair market value for the Federal lands to be conveyed should be determined through standard appraisal practices. Subsequent to that determination, the Secretary shall determine the "reasonable approximate estimation of the costs to assess, remediate, and reclaim the Three Kids Mine Project Site." That cost would then be deducted from the fair market value of the public land to be conveyed. The Henderson Redevelopment Agency would pay the adjusted fair market value of the conveyed land, if any, and the Federal government would be released from "any and all liabilities or claims of any kind arising from the presence, release, or threat of release of any hazardous substance, pollutant, contaminant, petroleum product (or derivative of a petroleum product of any kind), solid waste, mine materials or mining related features" at the site in existence on or before the date of the conveyance.

While the BLM has not established a range for the cost of cleanup, a proponent of the transaction, Lakemoor Canyon, LLC, estimates the cost of remediating the public and private lands at between \$300 million and \$1.3 billion. While it is possible that the cost of remediating and reclaiming the entire project area might exceed the fair market value of the Federal land to be conveyed, the cost of the transaction will only be known after the Secretary completes the appraisal process outlined in the legislation. There has been no determination regarding the Federal government's liability for reclaiming the private lands in the project area.

The BLM supports innovative proposals to address the cleanup of the Three Kids Mine, and we do not oppose this proposal to transfer the entire 948 acres of public land to the Henderson Redevelopment Agency at fair market value, subject to valid existing rights. However, the BLM has concerns about the legislation. Most importantly, the BLM recommends the bill be amended so that the Federal land in the Project Area is conveyed earlier in the process than currently outlined in the legislation. The BLM would like to work with the Nevada delegation and the Committee on language transferring the land to the Henderson Redevelopment Agency after the Secretary appraises the Federal land and the cost of remediating and reclaiming the site and before the remediation and reclamation activities begin.

Additionally, there are a number of minor and technical concerns that need to be addressed, including the timeframes for conducting an appraisal and for securing a Phase II environmental assessment from the Henderson Redevelopment Authority. The BLM also notes that under the legislation, the subsurface mineral rights would be included in the sale of lands and should be included in any appraisal of the value of the land. The BLM recognizes that the transfer would include a small portion of the River Mountains ACEC, and we would like to discuss with the committee opportunities to mitigate that loss. Finally, the Bureau of Reclamation would like to work with the bill's sponsors and the Southern Nevada Water Authority (SNWA) to ensure that SNWA's current needs for access to and protection of critical water and utility infrastructure are specifically addressed in the legislation.

Conclusion

Thank you for inviting the Administration to testify on H.R. 2512. The Three Kids Mine problem needs to be resolved, and we look forward to working toward a solution that protects the environment and serves the public interest. I would be happy to answer your questions.