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Committee on Natural Resources, Agriculture and Mining

Testimony of Placer Dome – AB321

April 2, 2003

Mr. Chairman, for the record my name is James Chavis, Vice President of Government Relations for Placer Dome America. Placer Dome has three (3) operating mines in northern Nevada: Bald Mountain Mine in White Pine County, Cortez Gold Mines in Lander County, and Getchell Gold Corporation in Humboldt County. Collectively, these mines have over 700 employees, produced over 1.3 million ounces of gold, and contributed greatly to the rural Nevada economy.

Placer Dome is opposed to the limits proposed in AB321 on the bonding mechanisms (financial assurance) currently available in the state. Mining is not the only activity in this state that uses Corporate Guarantees, however, our industry is being singled out for the reduction and eventual elimination of a system that is working well.

Placer's 3 Nevada mines have a total of \$56,942,400 in bonds, i.e.: \$7,373,000 at Getchell, \$12,753,000 at Bald Mountain Mine, and \$36,816,400 at Cortez. The Company made the decision years ago to use only surety bonds to meet our obligations under the bonding regulations. The tragic events of 9-11 and subsequent bankruptcies of several high profile corporations have negatively impacted our ability to increase and maintain the surety bond levels at our sites. These events have caused many insurance companies to exit the bond market.

As an example, a recent expansion of one of our Nevada operations required an increase in the bond amount for the new disturbance. The Company approached 12 insurance companies for surety bonds and each one politely declined, citing their intention to either, limit their exposure and write no additional new bonds, or to exit the surety bond business entirely.

The very nature of a mining operation is to discover, permit, build, and commence operations on a new deposit, prior to the closure of existing operations. This process requires additional bonding for the new areas of disturbance to be in place prior to approval of the project by the State of Nevada and the BLM. As I have indicated above, the ability to acquire additional surety bonds is very limited, perhaps non-existent. This means that we must have available alternative forms of financial surety, such as corporate guarantees to provide surety for reclamation obligations.

Nevada currently has one of the best mine reclamation programs in the country and perhaps the world. An important part of these regulations is allowing the use of corporate guarantees as a form of financial surety. With the full support of Placer Dome and the state mining industry, the NDEP recently reviewed the regulatory program concerning corporate guarantees and has revised their regulations to strengthen the program further. With these changes now in place, we believe that Nevada can confidently continue to allow the use of corporate guarantees as financial surety for reclamation obligations.

Keeping this important mechanism as a viable form of financial surety provides greater flexibility for mining companies that can meet the rigorous requirements of the State of Nevada's current laws and regulations.

Thank you Mr. Chairman and members of the committee for allowing me to comment on AB321