



For America's Heritage

## Public Lands Foundation

P.O. Box 7226 Arlington, Virginia 22207

March 8, 2019

Mr. Brian Steed  
Deputy Director, Policy & Programs  
Bureau of Land Management  
1849 C Street NW, Room 5665  
Washington, D.C. 20240

Dear Mr. Steed: *Brian*

I write you today in reference to the Interior's Office of Inspector General's Final Inspection Report - Bureau of Land Management Maintenance Fee Waivers for Small Miners Report No. 2018-CR-010, dated December 17, 2018.

As you may know the Public Lands Foundation has been involved with this issue as early as 2013. We suggest that the cost benefit study requested by the OIG Report consider all costs.

Of the approximate 24,000 small miner claims encumbering about a million acres of BLM and Forest Service administered lands, only a small portion of the claims meet the requirements of meaningful assessment per 30 U.S.C. § 28-28d, and 43 CFR part 3835. A review of BLM LR2000 mining claim records (code 483 for small miner waived claims, code 380910 for Plan of Operations, and code 380913 for Notices) would reveal that most of these claims are being held for non-exploration and non-mining purposes. BLM's cost to process these small miner waived claims is significant. Based on a study done by one of our members, the cost of processing small miner waivers in 2016, based on a WO-320 inquiry to all state offices, was \$40.00 per claim. To process claims for which the annual fee was paid was \$1.73 per claim Please see the enclosed "Small Miner Program Stats & Costs" for the details of the study.

The cost-benefit analysis should also consider the costs involved for the time spent by solicitors, administrative law judges who rule on appeals, special agents who investigate fraudulent ownership, and district court judges who preside over these cases resulting from those who abuse this program. This program constitutes a significant workload for them.

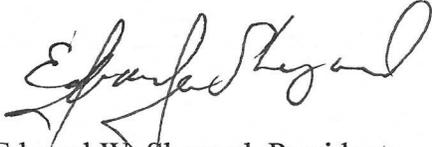
The PLF believes that there are small miners that are legitimately using the exemption but many are abusing the intent of the waiver program and causing additional costs to BLM and to the Federal Treasury. The rights of legitimate mining claimants would not be jeopardized; they would simply need to pay the annual maintenance fee to keep their claims.

This program has outlived its expectations and we again encourage you to recommend to the Secretary that he use his discretion to cancel this program.

The Public Lands Foundation is a national nonprofit membership organization that advocates and works for the retention of BLM-administered public lands in public hands, professionally and sustainably managed for responsible use and enjoyment by American citizens. The PLF endorses and embraces the multiple use mission of the BLM. Members are predominately retired employees

of the BLM from across the United States and as such have spent their careers dedicated to the sound management of these valuable lands and resources. Many of our members spent their careers managing the National Public Lands located throughout the West. They have personal knowledge of these lands and resources and expertise in their management.

Sincerely,

A handwritten signature in black ink, appearing to read "Edward W. Shepard". The signature is fluid and cursive, with a large initial "E" and a long, sweeping underline.

Edward W. Shepard, President

Enclosure: Small Miner Program Stats & Costs  
cc: Deputy Director, Operations

## SMALL MINER PROGRAM STATS & COSTS

### Labor Costs of the Small Miner Program

Labor Costs for the three programs listed below within Mining Claim Records Administration is charged to subactivity 1990 (Mining Law). The three programs are not accounted for separately in the 1990 funding code. The average of each state's feedback on the amount of time spent in each of these programs is shown below. There are 11 states with the Small Miner Program with an average of 3.5 Land Law Examiners at about \$70,000 per examiner. 11 X 3.5 X \$70,000 = \$2,695,000. Upper management employee costs for these programs from state offices and the Washington Office is estimated at \$100,000. Data management employee costs in the National Operations Center for these programs is about \$50,000. The cost for the three programs is \$2,845,000. Not included in this cost estimate is infrastructure, travel, health Insurance.

**In summary, the cost of the Small Miner Processing of Waivers for 23,009 claims is 23 times higher than for processing annual Maintenance Fees on 362,722 claims.**

Mining Claim Records Programs (3)	Percent of time spent on each program annually	Labor costs of employees in these programs	Cost per program based on percentage of time	Mining claims applicable for programs	Processing cost per mining claim in each program
1. Mining Claim Recordation Program	46% X	\$2,845,000 =	\$1,308,700	N/A	N/A
2. Maintenance Fee Collection Program	22% X	\$2,845,000 =	\$625,900	\$625,900 divided by 362,722 claims	= \$1.73 per claim
3. Small Miner Waiver Program	32% X	\$2,845,000 =	\$910,400	\$910,400 divided by 23,009 claims	= \$40.00 per claim

SMALL MINER PROGRAM STATS & COSTS

Estimating time (%) to manage the three components of Mining Claim Records Administration

States	MCR	Fee	SM	Total
Alaska	65	10	25	100
Arizona	60	15	25	100
California	40	20	40	100
Colorado	50	20	30	100
Idaho	40	10	50	100
Montana	30	20	50	100
New Mexico	25	25	30	***
Nevada	70	22	8	100
Oregon	20	20	60	100
Utah	30	25	10	***
Wyoming	40	35	25	100
Total		242	353	

Estimated amount of time (%) spent on the three Programs in Mining Claim Records.. \*\*\* are two offices who work part time only in these programs. February 2, 2016

MCR = Mining Claim Recordation  
 Fee = Fee Collections for paying miners  
 SM = Small Miner Waivers

242 divided by 11 = 22%

353 divided by 11 = 32%

## SMALL MINER PROGRAM STATS & COSTS

### Costs attributable to the Small Miner Program

1. There are 11 BLM State Offices with about 39 Land Law Examiners who administer the Mining Claim Recordation, Maintenance Fee, and Small Miner Waiver Programs at a cost of more than \$2,845,000 (employees salaries). Over \$1,000,000 is attributable to the Small Miner Program.
2. The cost of managing the Small Miner Programs for 23,009 claims is 23 times higher than for processing annual Maintenance Fees for 362,722 claims.
3. For the computer system that supports the Small Miner Program, there are about 235,000 lines of data for the active claims, and about 324,000 lines of data for the inactive claims. In total, it would take 41,000 pages of computer paper to print out all there is to this data. (Personal conversation with BLM Manager).
4. The 2015 fiscal year cost for maintaining all mining claim related documents in the LR2000 computer system is \$569,593. ( a percentage of this cost is attributable to the Small Miner Program. (Personal conversation with BLM manager).
5. If the Small Miner program is revoked, the wasteful spending in 1-4 above would stop, and the staff that ordinarily manage this program can concentrate on more important improvements in the Recordation and Fee programs:
  - a. Will Reduce the backlog of Land Status Determinations in all State Offices. This work is important as it will verify whether claims are properly described and are located on lands that are open to location under the mining law. For example, claims located on withdrawn lands.
  - b. Will facilitate timelier processing of mining claim transfers.
  - c. Will facilitate timelier processing defects of mining documents and land descriptions which require certified mailings and tracking.
  - d. will be able to go forward with scanning certificates of locations and maps. By scanning at least these documents and having them available on the share drive, it will allow for anyone in the states, districts and field offices to easily access the location information for their use. Additionally, as these scanned claims are closed and the case files are sent to the National Archives, BLM will still have access to the scanned locations when the need arises and thus save on having to pay for the files to be shipped back to BLM from the archives.

## SMALL MINER PROGRAM STATS & COSTS

This chart represents potential new annual revenue to the treasury when the Small Miner Program is cancelled. (\$6,029,655 + \$1,914,560 = \$7,944,215. Alaska's has 909 Waivered claims (129 lodes X \$155 = \$19,995. 780 Placers/24,271 acres. 24,271 divided by 20 = 1214 twenty acre parcels. 1214 x \$155 = \$188,170) \$7,994,215 + \$19,995 + \$188,170 = \$8,202,380

2013 Small Miner Waivers Filed—for placer claims only.

State	Placer claims only	Acres	Number of 20 acre parcels	Potential Maintenance Fees Paid if these claims were 2015 filings
AZ	998	81714	4086	X \$155 = \$ 633,330
CA	4092	290913	14546	" \$225460
CO	354	21540	1077	" \$166,935
ID	1435	85341	4267	" \$661,385
MT	745	33096	1655	" \$256,525
NM	478	39351	1968	" \$305,040
NV	627	60974	3049	" \$472,595
OR	2066	112334	5617	" \$870,635
UT	217	24610	1230	" \$190,650
WY	294	28111	1406	" \$217,930
Total	11306	777,987	38901	" \$6,029,655

2012 Small Miners Waivers' Filed—for Lode claims only. (Each lode claim is 20 acres)

State	Lode claims only*	Potential Maintenance Fees Paid if these were 2015 filings
AZ	1357	X \$155 = \$210,335
CA	1352	\$209,560
CO	983	\$152,365
ID	1913	\$296,515
MT	1409	\$218,395
NM	681	\$105,555
NV	2111	\$327,205
OR	1207	\$187,085
UT	1097	\$170,035
WY	242	\$37,510
Total	12352	\$1,914,560

\*There are included in this column a small number of mill sites and tunnel sites.