

and Federal Government; the property owners; and to the investors in our company.

My second concern is that it would be required that all operations would be conducted in accordance with detailed plans submitted by the operator and approved by a governmental body prior to continuance or commencement of a surface mine operation. The nature of our operations is such that many times we can make no mining plans in advance. In many properties the potential economics will not support a detailed exploration program. We may move our equipment in and explore with our power shovel as we mine, paying close attention to quality of product, overall costs, and safety of our employees. If we don't find what we expected, we move on to the next property.

In many cases we have moved into properties and begun operations within hours of notification that a lease had been agreed upon. In some cases our operations have been completed under verbal agreements before we have received executed lease documents.

Our existence has depended to a great extent upon our ability to be flexible and mobile and to accommodate changes as opportunities were presented or as conditions dictated. I am fearful that the detailed plan, governmental approval, and permit routine would stifle our ability to perform the role that we have developed for ourselves. We don't have the leadtime nor, in many cases, the need nor the knowledge to develop plans which could be submitted for review.

My third concern is that it is proposed that a performance bond adequate to assure reclamation of the land be posted. I am quite sure that a large operator would have little difficulty in obtaining a bond. However, I am afraid that our company might have trouble in finding a company willing to supply this coverage. And certainly the cost of bonding becomes an extra financial burden.

Our company can and does insure against many contingencies. For these things, an insurance company is able to arrive at proper premium rates through experience. But how would a bonding company arrive at a charge for a bond to cover land reclamation in our type of operations? Certainly any initial plans developed would be changed during the operation. It is also possible that the reclamation regulation standards could be changed between the start and the completion of an operation. It would seem that a bonding company would have to hedge so much in many cases because of the unknowns that their charge would be prohibitive.

My fourth concern has to do with the allocation of liability to reclaim areas. Nearly all of our operations are on properties which have been operated by others in the past. If the regulations which would be developed under this act were to require that the active operator must reclaim the area and that he would be responsible for the entire area, we could have some insurmountable problems.

We currently have leases on properties from which tens of millions of tons of ore have been removed by other operators. We hope to mine in some cases thousands or, in other cases, a few hundred thousand tons. But if we were to inherit substantial reclamation obligations, there could be many cases when we would not be able to consider an operation because of these potential obligations.