



American Exploration &  
Mining Association  
EST. 1895

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June 10, 2024

Kerwin S. Dewberry  
Forest Supervisor, Coronado National Forest  
Attn: Hermosa Critical Minerals Project  
300 West Congress Street  
Tucson, AZ 85701

**RE: Scoping Notice Comments (89 Fed. Reg. 40462 (May 10, 2024))**

Dear Mr. Dewberry:

I am writing on behalf of the American Exploration and Mining Association to express strong support for and provide scoping comments on South32's Hermosa Inc.'s ("South 32") Critical Minerals Exploration and Mine Plan of Operations ("**Hermosa**").

AEMA is a 129-year-old, 1,800-member national trade association representing the minerals industry with members residing in 46 U.S. states, 7 Canadian provinces or territories and ten other countries. AEMA is the recognized national voice for exploration, the junior mining sector, and maintaining access to public lands, and represents the entire mining life cycle, from exploration to reclamation and closure. More than 80 percent of our members are small businesses or individuals who work for small businesses. Our members have extensive first-hand experience with exploring for mineral deposits, finding and developing mineral deposits, permitting exploration and mining projects, operating mines, reclaiming mine sites, and ensuring that exploration and mining projects comply with all applicable federal and state environmental laws and regulations. Indeed, AEMA's members operate their respective exploration and mining activities in a responsible manner through a wide range of social and environmental conditions across the United States, and their operations are subject to extensive environmental evaluations at the project level to ensure resource protection through federal and state permitting actions. Moreover, our members extract the minerals necessary for renewable energy, electric vehicles, and modern technology.

***A. The Draft EIS should be clear about the importance of this project to our country's economy, supply chain, and national security.***

Hermosa is the only advanced mine development project to date in the United States that could produce two U.S. federally designated critical minerals – battery grade manganese and zinc – both of which are essential minerals for powering the nation's clean energy future. The United States is dangerously reliant on imports and overseas supply chains for these resources needed for electric vehicle batteries, steel, military applications, battery storage, wind turbines, and exterior steel infrastructure.

President Biden's invocation of the 2022 Defense Production Act and Congress' passage of the Inflation Reduction Act, which includes a commitment to increase the U.S. domestic supply of critical minerals, both emphasize the urgent need to wean America off our dependence on foreign supply chains for these minerals. The importance of the Hermosa project and its significant potential to bring numerous benefits to the local community and the entire nation cannot be overstated, because of its potential to produce the critical minerals necessary for a secure supply chain, while also operating in an environmentally responsible manner. These positive features should be explained in the Draft EIS in detail.

It is important for the public to understand that the critical minerals produced at Hermosa will be indispensable components of the global economy and play an increasingly essential role for the U.S. economy by providing crucial materials for electric vehicles, batteries, and a wide range of other products.<sup>1</sup> Currently, the United States imports most of the critical minerals used in the country, creating dangerous chokepoints in the supply chain, giving foreign governments immense leverage over our economy and security. Steep and timely increases in critical mineral production are essential to our country achieving national, economic, energy, and environmental goals and to establishing our own critical mineral mining and processing capacity.

The Draft EIS should further explain that critical minerals are also essential to renewable energy technologies such as solar panels, wind turbines, and electric vehicles that will play a vital role in the transition to a less carbon-intensive economy. Along those lines, the administration has set some ambitious renewable energy goals, such as a quadrupling of mineral requirements for clean energy technologies by 2040 that likely requires around a five-fold increase in critical mineral production.<sup>2</sup> Without domestic projects like Hermosa, the supply chain, energy infrastructure

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<sup>1</sup> *Fact Sheet: Securing a Made in America Supply Chain for Critical Minerals*, THE WHITE HOUSE (Feb. 22, 2022), <https://www.whitehouse.gov/briefing-room/statements-releases/2022/02/22/fact-sheet-securing-a-made-in-america-supply-chain-for-critical-minerals/>; MARC HUMPHRIES, CONG. RSCH. SERV., RL45810, CRITICAL MINERALS AND U.S. PUBLIC POLICY (2019).

<sup>2</sup> INT'L ENERGY AGENCY, THE ROLE OF CRITICAL MINERALS IN CLEAN ENERGY TRANSITIONS 8 (rev. ver. 2022), <https://www.iea.org/reports/the-role-of-critical-minerals-in-clean-energy-transitions>; see also *Fact Sheet: Biden-Harris Administration Races to Deploy Clean Energy that Creates Jobs and Lowers Costs*, THE WHITE HOUSE (Jan. 12, 2022) (discussing the current Administration's efforts "to scale up clean energy" such as advancing offshore wind, fast-tracking onshore clean energy projects, and building clean transmission lines), <https://www.whitehouse.gov/briefing-room/statements-releases/2022/01/12/fact-sheet-biden-harris-administration-races-to-deploy-clean-energy-that-creates-jobs-and-lowers-costs/>; KIRSTEN HUND ET AL., WORLD BANK GROUP, MINERALS FOR CLIMATE ACTION: THE MINERAL INTENSITY OF THE CLEAN ENERGY TRANSITION 93–94 (2020),

projects, and the manufacturing industry could be in serious jeopardy. The United States depends heavily on imported critical minerals, many of which are essential supply chain materials for various products Americans use in our daily lives. For 31 of the 50 minerals designated by USGS in its critical minerals list, the United States relies on other countries for more than 50 percent of our mineral requirements. For another 12 minerals, we are 100 percent import dependent.<sup>3</sup> The threats to our energy and manufacturing industries are at an all-time high, as we continue to trend toward greater import dependence. To meet efforts to maintain a leadership role in advanced energy and manufacturing technologies, it is imperative that the United States set its focus on approving projects like Hermosa and pursue robust domestic mining efforts vital to its energy and manufacturing markets.

The agency here must consider that critical mineral demand is increasing in the renewable energy sector for (i) power generation: creating photovoltaic cells in solar panels or magnets and motors in wind turbines; (ii) electricity grid; where these minerals are essential to transmission and distribution systems that connect renewable generation projects to the power grid; and (iii) energy storage, where critical minerals like lithium and manganese are key components of batteries.

Put simply, there is no power generation (traditional or renewable) or grid without minerals, and there will certainly be no “energy transition” without more projects like Hermosa.

Finally, the Draft EIS should discuss that increased production of critical minerals in the United States at projects like Hermosa results in better environmental and worker safety outcomes than in practically all of the countries we are currently relying on as our sources.

***B. The Draft EIS should describe South32’s early extensive community engagement & ongoing development of meaningful beneficial partnerships.***

In addition to the numerous direct benefits from the project, South32 has been the epitome of a good neighbor and true local community partner. As just two examples, the company has established the South32 Hermosa Community Fund, which has awarded **over \$1 million in community grants** to date. In addition, South32 has **invested over \$2 million in key infrastructure and social service improvements** in Hermosa’s neighboring communities, including road upgrades and support for STEM education programs for school-age children. The Draft EIS should include all of the positive socioeconomic impacts brought about by the company, as well as details about South32’s extensive community outreach that started long before the formal National Environmental Policy Act (NEPA) process began.

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<https://pubdocs.worldbank.org/en/961711588875536384/Minerals-for-Climate-Action-The-Mineral-Intensity-of-the-Clean-Energy-Transition.pdf>. See also *id.* at p. 18 (“In [2022] alone, the federal government has announced plans to spend over \$150 billion on renewable energy projects and manufacturing facilities—surpassing the prior five years’ worth of such investments. ... The United States cannot meet these if it lacks the necessary critical mineral supplies.”).

<sup>3</sup> Opening testimony of Isabel Munilla, Deputy Assistant Secretary for Multilateral Engagement, Climate and Market Development at the Office of International Affairs at the U.S. Department of Energy, *Subcommittee on Economic Growth, Energy Policy, and Regulatory Affairs hearing titled “Digging Deeper: Ensuring Safety and Security in the Critical Mineral Supply Chain”* (Nov. 30, 2023).

South32 also started community engagement on the Hermosa project early and before the formal NEPA process began, investing resources to set up and have an independent party facilitate a community advisory panel comprised of community leaders with diverse perspectives and strong networks. The Santa Cruz County Advisory Panel on the South32 Hermosa project works to advise South32 on aspects of their project development that impact communities in Santa Cruz County, Arizona, and to identify goals and priorities that could benefit both the larger community and South32. The company is committed to developing a homegrown workforce with the next-gen skills needed to bring the Hermosa project to life and support the broader community, prioritizing local hiring, partnering with Santa Cruz County-based education institutions and tribal communities – including on STEM and robotics programs, and providing training and workforce development opportunities to local residents. These efforts and the significant positive economic benefits the project will bring are particularly significant in county where nearly 25 percent of the residents live below the poverty line, and the unemployment rate is consistently 50 percent above the state average. As part of the analysis, particularly the no action alternative, we encourage Forest Service to consider the loss to the economy and the environment if the project does NOT proceed.

***C. The FAST-41 process does not circumvent or eliminate any environmental analysis or public comment opportunities required under NEPA.***

South32’s Hermosa project is the first mining project in the United States to be selected for the FAST-41 process. Therefore, the Draft DEIS should explain how the FAST-41 process works to ensure the public understands there is no modification or elimination of the thorough environmental analysis required under NEPA or the opportunity for public comment during the NEPA process. In this regard, South32 has demonstrated how the FAST-41 process can work as intended to improve the “transparency, predictability, improved interagency coordination and outcomes of the Federal environmental review and authorization process for certain large-scale critical infrastructure projects.”<sup>4</sup>

As discussed above, South32 has implemented early coordination and focused on extensive outreach to stakeholders long before the NEPA process ever started. These efforts are emblematic of how FAST-41 can be appropriately implemented with an efficient and predictable timetable for critical projects. The Draft EIS should explain that FAST-41 does not modify, circumvent, or shorten in any way, the environmental process required under NEPA. Rather, the Forest Service should explain that extensive baseline information was collected and prepared for years before NEPA began, South32 has spent years and millions of dollars in early community engagement and partnerships, and the permitting process began like all other permitting processes – with notice to the public of the proposed project and opportunity for public comment.<sup>5</sup>

The Draft EIS also should discuss that before the NEPA process began, the Permitting Council published the timetable on the Permitting Dashboard which is available to the public.<sup>6</sup> The timetable provides the sponsor and the public with a comprehensive schedule – from acceptance as a critical project through approval – based on the Permitting Council Executive Director’s

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<sup>4</sup> See Permitting Dashboard Federal Infrastructure Projects, Permitting Council (June 5, 2024), <https://www.permits.performance.gov/fpisc-content/permitting-council-0>.

<sup>5</sup> See 42 U.S.C.S. § 4370m-2(b)(2)(A)(iii)(II).

<sup>6</sup> See 42 U.S.C.S. § 4370m-2(c)(2).

recommended performance schedule.<sup>7</sup> It includes the intermediate and final completion dates for action on all Federal environmental reviews and authorizations needed to begin construction.<sup>8</sup>

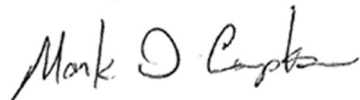
The FAST-41 process provides unprecedented transparency into the Federal permitting process – a benefit to all. Rather than being a rushed process, FAST-41 provides efficiency and transparency that allows full faith and confidence in the Federal permitting process.

***D. The Draft EIS should explain that the Hermosa timeline is longer than the statutorily mandated NEPA review period under current law.***

The Draft EIS should explain that the Fiscal Responsibility Act of 2023 imposed statutory deadlines requiring that an agency complete an environmental impact statement within two years of the date the agency issues a notice of intent to prepare an EIS.<sup>9</sup> The agency should point out for the public’s understanding that the timeline for completion of the environmental impact statement for the Hermosa Project – rather than being rushed – is two years, one month and 27 days – longer than the timeline now mandated by Congress for an agency to complete an EIS.

Thank you for the opportunity to provide input into the scoping process. If you have any questions, please do not hesitate to contact me.

Sincerely,



Mark Compton  
Executive Director

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<sup>7</sup> See *id*; see also Permitting Dashboard Federal Infrastructure Projects, FAST-41 Fact Sheet (June 5, 2024), <https://www.permits.performance.gov/documentation/fast-41-fact-sheet>

<sup>8</sup> See 42 U.S.C.S. § 4370m-2(c)(2)(A).

<sup>9</sup> 42 U.S.C. 4336a(g)(1).