

Why GAO Did This Study

For over 100 years in the United States, phosphate has been mined on federal land primarily for use in fertilizer and herbicides. The Department of the Interior's Bureau of Land Management (BLM) is responsible for leasing and overseeing such mines on federal land. In 1996, selenium contamination from phosphate mines was discovered in Idaho, threatening the health of livestock and wildlife. Mines in the area are now being assessed for cleanup under the Environmental Protection Agency's (EPA) Superfund program. Agencies may require mine operators to post financial assurances, which are usually in the form of a bond, to ensure they meet their leasing and cleanup obligations. GAO was asked to determine the (1) extent to which federal oversight for phosphate operations has changed since 1996; (2) actions federal agencies and mine operators have taken to address contamination, amounts spent to date, and estimated remaining costs; and (3) types and amounts of financial assurances in place for phosphate-mining operations. GAO reviewed agency data and documents, and interviewed key agency and mine operator officials.

What GAO Recommends

Among other things, GAO recommends that BLM document its financial assurance practice in policy and consult with the Forest Service to better protect the federal government from cleanup costs. In commenting on a draft of this report, Interior, the Forest Service, and EPA generally agreed with GAO's findings and recommendations.

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PHOSPHATE MINING

Oversight Has Strengthened, but Financial Assurances and Coordination Still Need Improvement

What GAO Found

Since 1996, federal agencies have taken several actions to strengthen their oversight of phosphate mining on federal land. For example, BLM now conducts more detailed environmental analysis when evaluating new mine plans; requires phosphate mine operators to provide more comprehensive plans for reclaiming mine sites (restoring the land to a stable condition that can support other uses); and requires the mine operators to provide financial assurances that are based on the full estimated cost of reclaiming mines, in contrast to BLM's previous practice of calculating financial assurances based simply on the acreage associated with mines. However, gaps remain in agency policies and coordination that could limit the agencies' efforts to address contamination from phosphate-mining operations. For example, BLM has not documented its new full-cost financial assurance practice in agency policy and therefore has limited assurance that it will be implemented consistently. BLM also has not fully coordinated with the Forest Service when establishing mine lease conditions and setting financial assurance amounts. Limited coordination is of particular concern because 16 phosphate leases in Idaho are scheduled for review and possible readjustment in the next 5 years, and once a lease is readjusted, its provisions are in effect for 20 years.

Over the last 16 years, federal agencies and mine operators have primarily focused on assessing the extent of selenium contamination in Idaho and have conducted only limited remediation actions. The agencies have conducted or overseen high-level assessments of contamination at 16 of the 18 mines where federal agencies are overseeing mining operations or cleanup activities, and at several of these mines the agencies and mine operators are now conducting more detailed assessments, known as remedial investigations and feasibility studies. However, no final cleanup actions have been chosen at any of the sites, and according to officials, most sites will require years of additional investigative work before final cleanup actions are selected. Federal agencies reported that they have spent about \$19 million since 2001 to oversee these assessments and undertake a limited number of remediation actions, roughly half of which has been reimbursed by the mine operators under cleanup settlement agreements. Mine operators told GAO that they too have spent millions of dollars in additional assessment and remediation work but did not provide documentary evidence to support these claims. Agency officials told GAO that they have not developed estimates for the remaining cleanup costs because final cleanup remedies have not yet been identified. However, their informal estimates suggest that remaining cleanup costs may total hundreds of millions of dollars for the contamination from mining in Idaho.

Federal agencies reported holding about \$80 million in financial assurances for reclaiming phosphate mines in Idaho. Most of this amount—over \$66 million—is associated with the two most recently approved phosphate mines. Agencies reported holding an additional \$11.5 million in financial assurances to cover site assessment and limited cleanup activities under EPA's Superfund program, but some of these are in the form of corporate guarantees, which the agencies have determined are riskier than other types of financial assurances. No financial assurances have been established to cover future cleanup costs because remaining cleanup actions have not yet been identified, according to agency officials.