Solid Minerals: Opportunities for Indian Country

Intertribal Transportation Association
Las Vegas, NV
December 2018
Division of Energy and Minerals Development
The most abundant- and profitable- solid mineral resource for most tribes is???
Aggregate!

- Sand
- Gravel
- Crushed Rock
How does aggregate present an opportunity?

Aggregate is used for everything!

- Construction and maintenance of roads.
- Construction projects.
- Emergency preparedness.
- Economic development.
Road Construction and Maintenance

• 80% of reservation roads are unpaved gravel roads.
  • 83% of these roads are classified as “not acceptable.”

• Maintenance of the existing roads is vital.

• New road construction provides a safe reliable mode of travel.

• Native Americans have the highest per capita number of road deaths of any demographic group in the USA.
Infrastructure Projects

- Residential Development
- Casinos
- Septic Systems
- Roads, barriers, buildings, breakwaters
- Hospitals
- Office Parks
The development and availability of the primary raw material required to mitigate, prepare, respond, and recover buildings, infrastructure, roads, bridges, and homes.

That raw material is **Construction Aggregate**
Bad River Flooding 2016
Economic Development
Economic Reality on Reservations

• Most construction projects on or near reservations rely on supplies of aggregate resources from non-Indian sources.
• This represents lost economic opportunities.
Cost Savings on Reservations

- Can be costly to import aggregate.
- Typical sales radius: 30 miles.
- Remote reservations have paid up to THREE times as much for materials than consumers in metropolitan areas.
How can these opportunities be accomplished?

- Assistance from the Division of Energy and Mineral Development (DEMD!)
Division of Energy and Mineral Development

DEMD can assist with the following:

• perform initial exploration;
• define potential targets for development;
• perform market analyses to establish production/demand for a given commodity;
• provide outreach and education to tribes concerning energy or mineral development issues;
• perform economic evaluation and analyses of the resource; and
• promote completed projects at industry conferences and to prospective partners or investors.
Provide an option for economic diversity: Be proactive!

• Assess your Tribal aggregate resource(s).
  • Certification of the aggregate resource by testing its quality/quantity at a state certified laboratory.
  • Comprehensive testing of the aggregate at a state certified laboratory to determine its suitability for various uses (e.g. Asphalt/Concrete.)

• Obtain a permit to mine.

• Inherent economic advantage for tribes to develop and market aggregate.
Why should a Tribe obtain a permit?

• A permit allows for the immediate development of your resource.

• A permit provides assurances to the Tribe that the resource will be accounted for, and, that a proper mining and reclamation plan will be followed.

• A permit will allow for production verification and/or resource accountability.

• A permit will prevent future environmental issues.
Results

- With a certified aggregate resource and a permit to mine the Tribe is open and ready for business.
Summary of Opportunities

- Construction and maintenance of roads.
- Construction projects.
- Emergency preparedness.
- Economic development.

Reclaimed Gravel Pits
# Competitive Sand and Gravel Operation - Price Analysis - Idaho State

## 100,000 Ton per Year

<table>
<thead>
<tr>
<th>Scenario</th>
<th>Used Equipment Lease 5-Year Term $/T</th>
<th>Used Equipment Purchase 7 Year Loan $/T</th>
</tr>
</thead>
<tbody>
<tr>
<td>Case 2: Tribe Hires Contract Miner</td>
<td>8.0% * 8.0% * $8.97</td>
<td>8.0% * 8.0% * $10.31</td>
</tr>
<tr>
<td>Case 3: 100% Tribally Owned and Operated</td>
<td>8.0% * 8.0% * $8.05</td>
<td>8.0% * 8.0% * $9.40</td>
</tr>
<tr>
<td>Case 4: 100% Company Owned and Operated</td>
<td>8.0% * 8.0% * $10.40</td>
<td>8.0% * 8.0% * $11.97</td>
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</tbody>
</table>

**Margin: Case 4: 100% Company Owned minus Case 2: Tribe Hires Contract Miner**

| $1.43 | $1.66 |

**Margin: Case 4: 100% Company Owned minus Case 3: 100% Tribally Owned**

| $2.35 | $2.58 |

* Company Owned - Profit/Total Cost

**Idaho Taxes:**

1. INCOME TAX - 6.925%
2. SALES TAX: STATE 6.0%
3. PROPERTY TAX CALCULATION - NET VALUE OF SALES OF OPERATION TIMES 1.298%
4. NO SALES TAX ON MINING EQUIPMENT
DEMD Grant Programs
DEMD Grant Programs

- Energy and Mineral Development Program (EMDP)
- Tribal Energy Development Capacity (TEDC)
Energy and Mineral Development Program (EMDP)

DEMD’s annual, competitively judged grant program

- Available to Tribes and Tribal Corporations
- Information, application, guidelines, etc. are at: grants.gov
- Tribes have until January 25, 2019 to apply.
- Funding is for resource assessment, marketing studies, laboratory testing, etc., but not for salaries or equipment.
- Funding has consistently increased as a result of Tribal project success.
EMDP Project funding: 2018

- October 15, 2018: Grant solicitation will be advertised on Grants.gov.
- 90-time period to apply.
- DEMD can provide basic assistance via review of the basic aspects of the grant application (if provided to us in advance for review.)
- Note: EMDP funding is subject to annual appropriations based on approval from congress and is discretionary.
Grant Programs: TEDC
Tribal Energy Development Capacity Program (TEDC)

- Grant program to develop tribal managerial, organizational and technical capacity to maximize the economic impact of energy resource development on Indian land
  - Establish business entity structures and/or organizational structures related to energy resource development Business development capacity
  - Develop or enhance key regulatory activities
Business entity formation activities (TEDC)

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Regulatory Activities (TEDC)

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Ineligible Activities

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Summary

- DEMD’s annual grant program can provide the necessary funding to assist Tribes in reaching their goals.

- https://www.bia.gov/WhoWeAre/AS-IA/IEED/DEMD/TT/TF/index.htm

- DEMD‘s staff can provide technical assistance to help create opportunities throughout Indian Country.
Assistant Secretary – Indian Affairs  
**Division of Energy and Mineral Development**

**Website:**
[http://www.bia.gov/WhoWeAre/AS-IA/IEED/DEMD/](http://www.bia.gov/WhoWeAre/AS-IA/IEED/DEMD/)