

REPORT ON SANTURBAN MINING PROJECT OF GREYSTAR RESOURCES

John I. Laun

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The majesty and beauty of Santurban on March, 2011 (Photos courtesy of Orlando Beltran)

On March 2, 2011, I traveled to Colombia to attend a hearing on March 4 before an official of the Colombian Government's Ministry of Environment, Housing, and Territorial Development.¹ The hearing was held in the city of Bucaramanga, the capital city of Santander Department (Province). The subject of the hearing was a proposal by a Canadian mining company, Greystar Resources Ltd., to develop an open-pit gold and silver mine in an ecologically sensitive area located between 3,000 and 5,000 meters above sea level known as the Santurban paramo. This paramo, like others in Colombia, is a source of water for communities at lower altitudes, including the city of Bucaramanga, which has more than 800,000 residents.

My purpose in making the trip to Colombia was to discuss with environmental protection organizations there, as well as governmental figures, the nature of the threat posed by the mining proposal and whether it might be stopped by convincing Colombian government leaders of the dangers presented by Greystar's proposed mine, named the Angostura Project for a stream in the immediate vicinity of the mine. In developing the mine, Greystar plans to excavate more than 2,700 acres and construct two piles of tailings and a dump at an altitude of 8,500 to 13,450 feet. Heavy machinery will be used to remove the covering of vegetation to expose the soil and rock, which will be removed with explosives.

Greystar proposes to open a hole 656 feet deep and remove 1.075 billion tons of rock, of which 775 million tons will be dumped and 300 million tons will go to two leaching water basins. The plan calls for .25 kilograms of explosives to be used per ton of rock removed per hour. Sodium cyanide at a concentration of 500 milligrams per liter of water will be used in the gold ore separation process. The sodium cyanide used in each water basin would be 4,500 to 5,000 cubic meters per hour. The cycle is planned to be 60 days long and the time of leaching would be 10 years. Greystar plans to use 250,000 liters of water per hour in the mining process. It proposes to extract 11.5 million ounces of gold and 61 million ounces of silver over 15 years.

The Santurban paramo captures water and supplies it to 20 municipalities in the region, including the City of Bucaramanga. Environmentalists I spoke to in Bucaramanga before the hearing, among them Orlando Beltran Quesada, President of the environmental NGO ADAN, stressed the danger to the water supply that the large use of water (250,000 liters per hour) would represent, with the likely consequence of reducing the groundwater supply and diminishing aquifers in the area. This would reduce availability of water for small-scale farmers in the region, diminish water supplies for cattle-raising and other uses in the lowlands which depend upon water from the paramo, and affect the water supply for residents of the small towns of California and Vetás, which lie in the immediate vicinity of the mining operation. And the use of cyanide in large quantities in the process of extracting gold represents in the eyes of many area residents a very dangerous potential threat. Although Greystar officials have minimized the threat to public health from the cyanide they would use in the production process, many opponents of the Greystar project focus their attention on the very large use of cyanide that Greystar has proposed.

¹ I carried letters of representation from Mining Watch Canada based in Ottawa, Canada; the Council on Hemispheric Affairs (COHA) of Washington, D.C.; the Center for Alternative Mining Development Policy, based in La Crosse, Wisconsin; the University of Wisconsin-Madison Latin American, Caribbean and Iberian Studies Program; and the Colombia Support Network (CSN), with headquarters in Madison, Wisconsin. I wish to thank all of these organizations for the support they provided to me. I also am indebted to the numerous individual contributors who made my trip possible.

The Santurban paramo lies in a highly active seismic zone, where tremors are common. What would happen, people living in the region say, if an earthquake were to occur in the Santurban area? The ponds where cyanide is used might break up, releasing the chemical into streams that provide drinking water for Bucaramanga and other communities, killing fish, frogs and other amphibians in the paramo and putting people's lives at risk in these communities. Moreover, containers where cyanide is stored might collapse, releasing the deadly chemical. And trucks transporting cyanide to the mine site might be forced off the roads, already said by those who have seen them to be in poor condition, spilling their poisonous loads.



Emotions are visible at the Bucaramanga hearing

All of these arguments against the Greystar project were mentioned at the hearing on Friday, March 4. The hearing was held before a very large crowd of perhaps 2,000 people in a large auditorium in the town of Giron, near Bucaramanga. Greystar had set up a display near the entrance to the auditorium, and reportedly bussed in 3 busloads of people from communities near the mine, especially California and Vetás, and provided an ample lunch for them. These folks, whom the company has assured will be the beneficiaries of jobs Greystar says it will bring to the region, as well as funds for schoolchildren and other community facilities and programs, appear to be largely in favor of the mining project. The critics of the Greystar project, much larger in number, sat on the opposite side of the auditorium. I sat with them and a request was made on my behalf to allow me to speak on behalf of the international community in opposition to Greystar's plans. I might have been able to do so, had not a spirited shouting match between supporters of Greystar and their opponents not broken out and turned very confrontational. The shouting of each side against the other began almost as soon as the hearing began about 9:30 a.m. and continued, with occasional warnings from the official of the Ministry of Environment, Housing and Territorial Development who was in charge of the meeting, Dr. Luz Helena Sarmiento Villamizar, that she might suspend the hearing for lack of security. After 5 ½ hours,

during which only some 40 of the 480 persons who had signed up to speak had been heard, a confrontation occurred between opponents of the project and a supporter who jumped from the stage where he had been speaking to confront the hecklers. At that point Dr. Sarmiento declared the hearing concluded. Later that day we heard that no further testimony would be taken and that a decision on the environmental compliance or lack thereof by Greystar would be forthcoming from the Ministry in two weeks, i.e., on March 18.

There were some very significant developments during the hearing. Public officials were the first to speak. The Governor of Santander, former Presidential candidate Horacio Serpa, who had not stated publicly if he was in support of the project or against it, came out against the Greystar plan. He said his office had studied the proposed mining project in great detail and had concluded that the environmental license should be denied to Greystar. He noted that the Colombian Congress had passed a law outlawing mining in paramos, which he said he supported, and he observed that the great majority of Santander residents are against the mining plan.

Likewise, a representative of the Mayor of Bucaramanga spoke against the plan, as did a representative of the Colombian Procurador's (Inspector General's) office, expressing doubt about Greystar's capacity to manage environmental problems should they arise. And a representative of the Defensor del Pueblo's (Public Defender's) office suggested that Santurban should be made a public park, with no mining permitted there. Next, a representative of the Organization for the Defense of the Meseta of Bucaramanga spoke against the project, noting the potential for natural disaster and observing "Nature never pardons." That brought to mind the fact that at 5 p.m. on the day before the hearing heavy rains had caused an avalanche at the Angostura River, virtually at the place the Greystar project was to be carried out, resulting in 3 deaths and five homes being destroyed. As one speaker against the project said, "Nature itself has spoken."

Supporters of the project who spoke included the mayor and the city clerk (personero) of California and the mayor of Vetás, who stressed the area's long history of mining and the government's historical ignoring of their towns and their needs. For these municipal officials, Greystar represents a promise of development and an improvement in their community resources and standard of living.

After these government officials had spoken, Orlando Beltrán was given 20 minutes to speak on behalf of environmentalists. He noted the tragic avalanche of the previous day and said it might have been caused by the lack of care of Greystar in carrying on its preparatory works in the area. He cited Eduardo Galeano as opposed to open-pit mining, and noted prohibition in some countries to use of cyanide in mining processes. He criticized former President Alvaro Uribe for promoting the Santurban and other projects of foreign mining companies. He referred to Mining Watch Canada as a knowledgeable Canadian opponent of Greystar's Angostura Project.



John Laun (right) from CSN and Orlando Beltrán (left) from ADAN

Following Orlando's presentation, Greystar was given 20 minutes to present its case in favor of the mining project. A Peruvian representative spoke for Greystar and emphasized that the company was confident that water for Bucaramanga would not be affected. He said there would be water treatment plants. He suggested that Greystar had increased the security in the area (which had formerly been the site of some guerrilla activity). He stressed that the soils were "firm" in the mining area and discounted the likelihood of serious effects from seismic activity in the area. And he said Greystar would manage the cyanide used in its processes in accord with the International Code of Cyanide, and that the ponds would not be affected.

Senator Jorge Enrique Robledo of the opposition Polo Democratico Alternativo Party spoke next. He focused upon the small value that area residents and the Colombian government would receive from the Greystar project. Only some 3.5% of the royalties would remain with Colombia. He pointed out the danger presented by the use of explosives and cyanide in the paramo, and said he favored the law against mining in the paramos of Colombia. And he said when water is put into play, the principle of being especially careful must be followed. Saying the Greystar project must not be approved, he intoned "Today all Colombians are Santandereanos!"

Next, Gloria Florez, the Colombian representative in the Andean Parliament and a Bucaramanga native, spoke out against the Greystar project. She noted that non-renewable resources such as those in Santurban cannot be replaced once they have been damaged, and she suggested it should be made a national park. She acknowledged a commitment to development of communities, but opposed the Greystar project. Senator Jorge Gomez Villamizar followed, noting that Colombia has 49% of the world's paramos and stressing the low level of royalties the Greystar project would produce for Colombia. Another speaker stated that Greystar would wind up with 85.8% of the profits from the Santurban project. He noted that the World Bank and J.P. Morgan had invested in the project and were allies of Greystar in its plan to reap great profits at

the cost of Colombia's resources, and said he opposed granting the environmental license to Greystar.

Several other members of the audience came forward to speak, most by far against the project. Then, at 3 p.m., the threat of a fist-fight on the auditorium floor brought the decision to end the hearing.



Demonstration in Bucaramanga against mining in Santurbán

After leaving the auditorium and in the two following days, I was interviewed twice on television and met with two local reporters, one a correspondent for Bogota's El Espectador newspaper. I told them that I opposed the Greystar project, because it threatened the water supply for Bucaramanga and some 20 other communities; presented the very real possibility of a catastrophic accident given the substantial, continuous seismic activity in the area; and as an open-pit mining project would scar the land permanently. I also said I favored enforcing the law the Colombian Congress had passed against all mining in paramos. In addition, I indicated that I do not believe the Colombian government has the technical resources or a proper regulatory framework to evaluate the Greystar project. I also discussed the unfair, in fact scandalous, proposed distribution of benefits from the mining project, which would leave Colombia with no

more than 12% of the value of the gold and silver taken from the Santurban mine, while enriching Greystar. And I expressed doubt that Greystar, which registered in Colombia with only about \$40,000 capital and which has limited resources and limited experience (Santurban being its only project in the world), would be able to respond financially if its mining activity were to cause a catastrophe. There is one further point that I believe should be taken into account. Water itself is a valuable resource. Any fair calculation of the price for developing a mine should take into account the value of the water being used in the project. The 250,000 liters per hour that Greystar has proposed using in the Santurban mine project should not, in my view, be considered free to Greystar. In calculating how much the Colombian government should charge any international mining company, the price of the use of water and other natural resources in the mining process should be a part of the charge made to the company.²

I had intended to visit the mine site on the day after the hearing, but I was told by members of the environmental protection organizations and a reporter who interviewed me that it was not feasible to travel there, because of the poor state of the roads, especially after the March 3 avalanches. I was also told that private security forces or paramilitaries hired by Greystar might prevent me from reaching the proposed mine site. I decided, therefore, not to try to make the trip to the Santurban paramo.

On Monday afternoon, March 7, I met with Colombia's Vice President, Angelino Garzon, at his office in Bogota. He received me very cordially and gave me about 40 minutes of his time. I mentioned to him that I had attended the hearing on the Santurban project and gave him originals of my letters of representation. When I expressed my hope that the Greystar project not be approved, the Vice President told me two things: 1) that the Colombian government was thoroughly aware of the drawbacks of the proposed Santurban project; and 2) that he believed that we who oppose the project do not have to worry that it might be approved. I surely hope the decision of the Ministry of Environment, Housing and Territorial Development proves Dr. Garzon right.

² In a February 17, 2011 report, Greystar stated that 54% of the income generated by the Angostura Project would remain in Colombia. Its percentage breakdown of these income figures was as follows: Investment on gross Income, 5%; royalties, 4%; Operational Costs, 48%; Colombian Taxes, 23%; Capital Costs, 20%. In a March 7, 2011 news release, Greystar expressed disappointment at the early termination of the March 4 hearing and said it had brought several international experts to the meeting, whom it expected would present "their respective statements and supporting reports but did not have the opportunity to do so." Greystar President and CEO Steve Kesler is quoted as follows: "Clearly there are divisions within communities and within authorities on this project. Greystar will only develop a project with the support of both." If that is true, the Santurban Project would appear far from ready to proceed, even in Greystar's opinion.