

BLM RAC Draft Meeting Minutes
June 23-24, 2009
Challis, Idaho

Attending RAC members: Wayne Butts, Claire Casey, Chad Colter, Lawrence Fox, Jim Hawkins, Dino Lowrey, Dallan Nalder, Rick Snyder, William Schutte, Rick Snyder, Louise Stark, Gary Vecellio, Mike Whitfield. Also present Joanna Wilson (Public Affairs Specialist, RAC Coordinator and Facilitator), David Pacioretty (Field Manager, Pocatello Office), Steve Hartman (Field Manager, Salmon Office), Wendy Reynolds (Field Manager, Idaho Falls Office), Dave Rosenkrance (Field Manager, Challis Office), Ken Gardner (Geologist, Challis Office), Greg Painter (Idaho Fish and Game), Mark Ennes (Planning, Idaho Falls District), Laurel Sayer (Representing Congressman Mike Simpson's Office), Heather Feeney (Public Affairs Specialist, BLM Idaho State Office), Antonia Henpick (Visual Information Specialist, BLM Idaho State Office), Amy Taylor (Representing Senator Risch's Office), , Dana Perkins (Challis Office), Bart Zwetzig (Wildlife Biologist, Challis Office), Nate Arave (Geologist, Challis Office), Carole Hearn (Archaeologist, Challis Office).

Dave Rosenkrance opened the meeting with the announcement that Joe Kraayenbrink (Idaho Falls District Manager) would not be able to attend this meeting as he is involved in litigation and must be in Boise. Rick Snyder (RAC Chairman) asked for brief round-robin from everyone present so they could identify themselves, the agency they represented, and/or what RAC category they fulfilled. The minutes were then approved after a couple of minor changes.

Laurel Sayer, representing Congressman Mike Simpson's Office, was introduced and presented a brief overview of the status of the Central Idaho Economic Development and Recreation Act or CIEDRA. Laurel stated that most of the information in our printed packet was outdated and that HR 192 (previously known as HR 222) almost passed two sessions ago (the Bill was written in 2004), but current political winds have stalled the process. During the next session, Mike Simpson will introduce the Bill again with Congressman Walt Minnick as co-sponsor. RAC members were told that the Bill "settles ongoing disputes over how to manage public land in Central Idaho by creating wilderness, releasing wilderness study areas, allowing for federal land transfers (for public purposes only) and providing for economic relief to residents in Custer and Blaine counties" (Simpson, ID02 Press Release, Nikki Watts). The bill is currently wading through the Senate Resources Committee. CIEDRA was reintroduced in January 2009. Wayne Butts was complimentary about Simpson's efforts to help Custer County with economic hard times and is hoping enhancement of recreational activities in non-wilderness areas in this county. Chad Colter (Shoshone-Bannock Tribal member) inquired if Tribal Treaty Rights had been considered during development of the Bill. Sayer replied that she was pretty sure that Tribal Rights had been considered and that she would get back to Chad later on that issue. Mike Whitfield then asked, "What are the drivers for economic buy-outs for grazers?" The answer was that the process is access driven, and also in Salmon, there is consideration for wolf compensation for not being able to run cows (loss of livelihood). Jim Hawkins commented that Wilderness Study

Areas (WSA) is now managed as pseudo wilderness, so he felt that the public has “lost” them. Dave Rosenkrance said there will continue to be WSAs. RAC members were given a Briefing Packet that contained many facts and figures pertaining to CIEDRA (Land Transfers, Appropriations, Maps), however, it was stated again that some of this information is now outdated. Amy Taylor from Senator Risch’s office was introduced; she was just listening in on the RAC proceedings.

Prior to our field trips, Ken Gardner (BLM geologist), presented an overview of the L & W Stone – Three Rivers Quarry, which is located near the confluence of the East Fork Salmon River and main Salmon River. Pit 1 is being mined for argillite flagstone, which commands exceptional prices. The crews have also moved to Pit 2 (also argillite), where the ore layer is lightly blasted and then sorted and stacked on pallets. A load consists of 24 tons, and is split using hand tools (with the waste material hauled away for public access). The market is mostly in California. Three Rivers Quarry is the fifth largest business in Custer County and has 60 employees, and they mine just over 35,000 tons per year. In December of 2007, a draft EIS analyzing the Amended Plan of Operations was released for public review. The Final EIS is expected to be released soon. The Preferred Alternative calls for continued mining of Pit 1 (more economically), expansion of Pit 2, and exploration Pit 3 for its potential. The Plan also allows the BLM to take Pit 1 waste rock and allow citizens to buy rocks for a small fee while federal and county agencies could have the waste rock for free.

Louise Stark asked about rock being stored at a local ranch and if that a reject pile is for locals to use? And is the Tumbling Plant in town? Answer, yes and yes. Claire Casey inquired if any waste material is going into the Salmon River? Ken responded that waste material will be stored only on private land; none will enter the river system. Ken then mentioned that the ratio of what you remove to what you get 6 to 1, usually the stripping ratio is 20 to 1 (i.e., 20 tons of waste rock to 1 ton of ore rock). Steve Hartman stated that the life of mine without approving the amendment would be over. With the plan amended they expect to see another 20 to 40 years of mining potential. Ken mentioned that the high-wall in the pit has been bathed in chemicals (to cause oxidation) to change its reflectivity to blend into the surrounding countryside, and it cost \$330 K to accomplish this meditative work. Claire asked, “Do they have a bond to do restoration or reclamation?” Answer, they have the \$300,000 to do earthwork now, and they will provide a new estimate if the expansion is approved.

The conversation then turned to the Thompson Creek Mine, where 110,000 tons of rock a day is mined for a return of 30,000 pounds of processed molybdenum ore. The “moly” is mined from the bottom of a huge open pit, with a ratio of 3 to 1. After blasting, the rock is hauled to a crusher (by large trucks) where the rock is reduced to less than eight inches in size, then an overland conveyor belt transports the crushed rock 1 ½ miles to the mill. At the mill, slurry floats the moly to the surface where it is skimmed off at about a 90 percent recovery rate. A large pipe takes tailings away to the highest tailing impoundment in the world. The moly then is placed into 4,000 bags, and a truck load consists of 13 of these bags. The bags are trucked to Pennsylvania and sold out of the eastern seaboard. Moly is used as an additive in steel, as it has excellent high

temperature and corrosion properties, and is also used as a lubricant at high temperatures. Moly went for \$34 a pound last year and produced \$300 to 600 million in revenues, and the mine is once again a public entity (it has a history of being private and public). On the market today, a share in the mine goes for \$9.40. Moly mining (as is all mining) is a uniquely a high risk industry, and it takes around \$5 billion to start up an operation from scratch, has high fixed costs with long pre-production years, and the ore body is fixed and non-renewable. Beside this, there are countless political risks (with new laws and regulations to adhere to) and metal prices are constantly fluctuating. Currently, the mine can operate until 2016 date; an amended Plan of Operations (submitted to the BLM in December of 2008) would push this out until 2030. Most of the operations are on private land, shown by the red lines in our briefing packet, but disturbance is proposed for public lands (the yellow areas shown on our packet map indicate proposed disturbance areas. There has been a proposal to exchange some public land for private land. Thompson Creek mine has 350 full time employees and is the largest employer in Custer County (the second largest being the federal government), so it is instrumental to the economic success of Custer County. Historically, mining has been Custer County's mainstay.

Chad asked what the total moly estimate in United States was. No one was certain about that amount, but it was stated that there are 420 million pounds now in worldwide production (but again, not sure how much of that comes from T.C.). Thompson Creek Mine primarily produces moly, there are three primary mines in the US, T.C. being the second largest, and fourth largest moly mine in the world. Molybdenum reserves are fairly large worldwide. Dave Rosenkrance was asked why the red line outlining the proposed land exchange on the map was so big when the Broken Wing Ranch and other parcel equal about 1/5 the size of the expansion? Dave responded that the exchange is a value for value exchange, not acre per acre. Louise Stark inquired what amount of work would go into the EIS if the land exchange proposal went away. Dave said the same amount of work would go into the EIS regardless. Wendy wanted to know, does Thompson Creek own the ranch now? Western States Land Management, Inc. owns the ranch along with the Pocatello Parcel. Wayne added that T.C. is also working with the Forest Service for exchanges that affect them. Dave added the analysis of impact is cumulative. Lawrence Fox asked, did the BLM do due diligence when looking at properties, and Dave answered yes.

Dana Perkins reported that the Private Parcel Subcommittee met last week to review the 800 acres of the Broken Wing Ranch which houses three structures, approximately 300 tons of hay, and has 3 ½ miles of riverfront property with fish and habitat value. Lyon Creek, which runs through the property, is a critical tributary for trout, steelhead and salmon, and the habitat also attract bald eagles and falcons. The BLM would like to have the ranch property to increase riparian habitat along the Salmon River corridor, and probably the hay production would remain viable along with three homesteads. The main ranch house sleeps 10 and has potential as an outreach facility. Wayne Butts mentioned that the Custer County is also interested in purchasing house site. Boise State University (BSU) would like to have the house, but they have no funding to chip in. Dave Rosenkrance stated that the BLM is not in the business of houses, they would like partners and parcel out the structure. It was asked if the RAC Sub-Committee could help

with the Management Plan, reporting back to RAC with recommendations. Chad stated that protecting, preserving and enhancing wildlife habitat is tribal marching orders, so he would like to assist with this effort. Jim Hawkins asked who manages what and for how long. This is to be determined, and with the Tribes, Fish and Game, BLM and possibly BSU in the picture, the Management Plan would be complex. Dave Pacioretty noted the plan would be a big umbrella with many different components to include protection of agriculture, with a possible depredation game hunt if necessary. The BLM wants to keep access open to the hills behind the ranch, and they will be addressing a lot of history. Water is also a big issue. Dave was asked, is pond down below the ranch just aesthetic or does it pose a problem for fish migration? The pond does interfere with fish migration. Idaho Parks and Recreation have made it known they want a high-end campground on the other end of the ranch with an ATV trail to connect to Bayhorse out of the campground. This will be considered. The BLM does not want to manage the bridge; the ranch can be accessed from a lesser road, so this will also have to be ironed out. The RAC visited this property and was impressed with the property, the stream was beautiful and vegetation in the area (wet meadows, cottonwood, aspen, willow, sage-brush, greasewood and salt desert shrub communities) would indeed provide habitat for many animals.

Following the visit to the Broken Wing Ranch, the group ventured over to Three Rivers Quarry. They were informed by Steve Patterson, the chief operations officer that production was down about 60 percent this last season due to overall economic woes. Stone production is tied to the housing market, providing walkways, floors, facades and numerous thin veneers for other purposes. Mexican seasonal workers are brought in for the hand-cutting part of the operation, from April to mid-December. Workers average \$300 to \$1,100 per week; they are paid piecemeal, so how fast and good they work determines their take home pay. RAC members agreed the work looked back breaking. It is interesting that only one local man tried his hand at stone cutting and he did not last a full season. Employment is down 50 percent to help cut costs. The quarry employs 7-10 full-time people, and the truck drivers are independent. The argillite rocks quarried are about 450-500 million years old. The mine had its first claim in 1944, the quarry changed hands several times after that. Operations really took off from 1995 to 1999, when L & W Stone brought in new equipment. The stone is graded by the inch and tumbled stone goes mostly to California (although that market has also faltered recently). The rock they excavate is in a seam 70 to 100 feet thick running at a 55 degree dip. They currently have 500 dealers in 2000 Home Depot stores selling their new water feature product.

On Wednesday, RAC members were given a safety talk before heading out to the Thompson Creek Mine. At first, this amounted in some confusion as to which side of the road to drive on while approaching the mine, but this was rectified when Eric Tilman (former RAC member) and Bert Doughty, employees of Thompson Creek led a tour in mine area. Ore is removed from the bottom of the open pit by trucks that carry 200-250 tons. They "load and shoot" (blast the rock) once a day, usually at the end of the day. The group witnessed a couple of wall collapses and watched remote equipment (driven electronically) safely extract rock from that area. There are three rock types in this area, Challis volcanic, meta-seds, and granite diorite. RAC members were informed that one

ton of ore produces 11 pounds of moly, and that the daily average of ore run through the mill is approximately 28,000 tons per day, and most of the moly-disulfide concentrate produced at the mine is sent to Langeloth Metallurgical Facility in Pennsylvania for further processing. Fun facts: a new shovel runs \$17 million (and three buckets equals one truck load), and that Thompson Creek goes through 500 gallons of fuel in a day. Jenson Oil brings this fuel in daily from Pocatello. Thompson Creek also has 14 haulers (big trucks) and they keep two in reserve, so 12 haulers are always running. The huge tires are very expensive and they get about 4,000 hours out of a tire. Pay for employee's runs from \$20 to \$27 per hour, depending on the various tech levels (i.e., how many different types of equipment a person can operate). People work for seven days and then have seven days off. The group viewed an unnamed creek drainage that is the proposed new dump area, and Claire inquired how creek beds downstream will be protected. That will be detailed in the new plan. Mike Harvey, a Thompson Creek ore engineer said that they need to be mining on the high-wall by 2011 to remain in business. The amended plan provides for expansion of the open pit to the east, expansion of existing waste rock dumps and tailings impoundment, development of new waste rock dumps and a new tailings impoundment and changes to the long-term water management plan. Currently, surface disturbance of the mine is 2,300 acres (with potential for 3,000 total), but this would be expanded to 5,000-6,000 acres if the new plan phase is approved. Lastly we were informed that the mine has approximately 300 employees and supplies six percent of the world's moly. It was asked, "Who is your oversight agency?" The direct oversight is by MSHA, with some additional oversight by an Interagency Task Force, the Department of Lands and others.

The group had lunch at the mine and Don Roles of Thompson Creek spoke about their safety program and the recognition of various risks. Their safety program is behavior based, and they offer cash awards in the form of "Smarty Cards" (a scratch card). He reiterated how important moly was to the economy (both US and world market) used as a steel additive (cars/airplanes) and most sales were to China. The Henderson Mine and Thompson Creek produce pure moly, other mines are copper based. Don was optimistic about the price of moly, currently it takes \$6 to make a pound of moly. At T.C., 95 percent of the workforce is local with about 75-80 workers at the mill. The current mine plan is based on the mine life calculated in 2007 (approximately 10 years of moly runs \$10/lb). The EIS/modified plan would allow the mine to operate until 2032 (based on a \$15/lb. price). Don stated that there is a lot of moly in Custer County, and that there are only a few pure moly mines in the world. Chad inquired if the mine had done anything for fish and wildlife? Don replied that the area has become excellent habitat for elk herds, although wolves have reduced those numbers. Don also mentioned a potential steelhead pond and they need a biological opinion for Squaw Creek. They do have effluent limits, which are much lower during snow melt. The last stop on the tour was at Bruno Creek, which supplies water for the tailings impoundment pond. Water is about 15' deep behind the dam and 10,000 gallons a minute empty into this pond (1,000 gallons are fresh). One RAC member voiced concern over the potential for earthquakes in the area, what might happen if the tailings dam broke? This would probably be an environmental disaster for the Salmon River downstream. A part of the new plan outlines reclamation of this area after mine closure.

The meeting was adjourned and the group was reminded that the next RAC meeting would be held in Pocatello on September 22-23.