

Kimberly MacMillan

From: **Kris Hefton** <kris.hefton@vaneminerals.com>
Date: Tue, May 3, 2011 at 5:41 PM
Subject: Comment on N AZ Proposed Withdrawal
To: "azasminerals@blm.gov" <azasminerals@blm.gov>

Hi Scott,

Please see attached comment letter.

Regards

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April 30, 2011

Northern Arizona Proposed Withdrawal Project
Mr. Scott Florence, District Manager
U.S. Bureau of Land Management
Arizona Strip District Office
345 East Riverside Drive
St. George, UT 84790

Dear Mr. Florence,

This letter is to comment on behalf of myself and VANE Minerals (US) LLC on the Draft Environmental Impact Statement for the proposed withdrawal of approximately 1M acres. I am a geologist and my experience in the area spans from 1979, while employed by Energy Fuels Nuclear Inc., to the present. I lived and worked in the district from 1979 to 1988, and resumed work in the district in 2004. I have over 18 years of combined uranium experience in the area and am one of few people with this level of knowledge of the industry and the district.

VANE Minerals (US) LLC (VANE) has been active in the district since 2004 and has spent several million dollars on exploration for uranium in the breccia pipes. Due to the segregation order issued by Secretary of Interior Ken Salazar, a cloud of uncertainty was cast over the district and as a consequence, VANE was forced to halt its exploration efforts on public lands and has, along with our investors, suffered tens of millions of dollars in losses. I would like to point out that all funds were spent in good faith and trust in the BLM mandate to develop natural resources on public lands, a benefit to the United States.

Following are my comments on specific sections of the DEIS:

If one looks at the map of the proposed withdrawal area relative to the density of mining claims, the boundary directly overlays the greatest density of mining claims. The boundary does not follow some thoughtful process such as being located a set distance from the Colorado River or its tributaries or the boundary of a Park or Monument, and even leaves several miles of public land encompassing upper Kanab Creek out of the proposed withdrawal area. There happened to be few or no mining claims in that area at the time the boundary was drawn. One would reason that if the Colorado River and its tributaries are the worry, then the boundary would be drawn reflecting the shape of these features. That indicates that the intent of the proposed withdrawal is on mining claims rather than a set distance to the Colorado River and its tributaries.

A further deduction from the above comment is that the mining companies have excellent knowledge as to where the best potential lies and therefore, the withdrawal of these lands will kill the industry as well as cause undue personal burden and hardship on families due to job loss and the loss of economic opportunity to businesses in the area. The DEIS states that the average annual wage for the tourism-related sector which is a major employer in the region is \$21,230 for Arizona, and \$20,200 for Utah. The US Poverty Line for a family of four in 2009 was \$22,050. The mining industry represents one of the last alternative economic opportunities available on public lands in the region and a decision to withdraw these lands will help encourage a future of poverty.

The United States Geological Survey was charged with producing USGS Scientific Investigations Report 2010-5025 (USGSsir2010-5025) to provide data for the EIS. Although, the DEIS relies heavily on data from this report, nowhere in the DEIS is it explained that USGS Scientific Investigations Report 2010-5025 was completed for the expressed purpose of the EIS. It should be noted that none of the credentials of the authors of USGSsir2010-5025 are provided to authenticate their qualifications for this project. Specifically, with respect to Chapters A and B which present mineral exploration and mining data, it is not clear whether the authors are geologists or have a background in mining. Further to this, the editor of USGSsir2010-5025, Andrea Alpine, is not a geologist or mining engineer. The data provided for the DEIS is flawed from the intrinsic reason that, given the main issue in the withdrawal is mining, the United States Geological Survey should have charged the responsibility of this to a geologist or engineer with mining qualifications. The need to ensure that the best qualified people are put on this project is critical since the EIS process is for the purpose of deciding whether to withdraw a large tract of land for 20 years and thereby permanently affecting people's lives. The DEIS should clearly state what the purpose of USGSsir2010-5025 was, the credentials of the authors with respect to their being qualified, and the fact that this document is heavily relied on and referred to in the DEIS.

The DEIS conclusions contain contradictions and flawed reasoning. For example, on page ES-13 of the Executive Summary under the Impacts on Cultural Resources, the following statements are made:

- 1) Under all alternatives, there would be no direct impacts to the disturbance of historic and prehistoric sites, assuming that direct impacts on sites by individual projects are mitigated through established regulations and policies.
- 2) "If direct impact mitigation were not possible, Alternative A would have a major direct impact..."

In Statement 1 above, the inclusion of the word "assuming" is unnecessary because all exploration and mining activities are regulated. Statement 2 implies "major direct impact" would happen if no mitigation measures were taken and established regulations and policies were violated in all cases. These are frantic assumptions.

With respect to Impacts on American Indian Resources, page ES-13, the DEIS states:

- 1) There are no tribal trust resources or assets within the proposed withdrawal area.
- 2) Alternative A will have major long-term impact on resources on all three parcels, including disturbance to a Traditional Cultural Place...

Statement 1 above directly contradicts statement 2. Statement one states there are no resources while statement two describes major long-term impacts to resources. With all due respect, the BLM's "multiple use" mandate should not prohibit one user at the benefit of another. Using this as a basis for the withdrawal will be in direct violation of that mandate. Further to this, the DEIS clearly describes reclamation and implies short-term use and impact. Statement 2, in using "major long-term", contradicts this.

Under Impacts on Fish and Wildlife in the Executive Summary, page ES-14, when discussing wildlife habitat and habitat fragmentation, the DEIS states: "Alternative A would have a minor to major long-term impact on aquatic and terrestrial habitats...". What exactly, is the quantitative basis for this statement? Further to this, Table 4.10-7 (Page 4-198) predicts, for the South Parcel (which encompasses the entire Tusayan Ranger District), the construction of 3.6 miles of new road. The DEIS does not mention that the USFS is considering plans to close over 140 miles of existing roads while leaving over 560 miles of road open in the Tusayan Ranger District alone. Nor does the DEIS clarify that reclamation of new mine roads can be required, therefore making impacts temporary. The DEIS inference of minor or major long-term impact on habitat fragmentation from 3.6 miles of "temporary" road is unfounded.

With respect to Impacts on Economic Conditions as addressed on page ES-14 of the DEIS document, the application of simple proportional economic impacts to the various alternatives is wrong and reflects the inexperience, if not naivety, of the author. It is not simply a math problem whereby, when decreasing the area of lands open to mining, the economic benefit decreases proportionally. Any of the withdrawal alternatives (except A, no withdrawal) will likely drive companies from the district as the entire area needs to be available and open for exploration in order to have economic viability. While Alternative D might result in some continued interest, Alternative C will likely have the same impact as Alternative B (full withdrawal). Further to this, the DEIS does not reveal that exploration is essentially dead since the segregation order was handed down, due to the use of "heavy-handed" interpretation of the "prudent man rule" in the Mining Act of 1872. And, the DEIS does not recognize that in Alternative B, upon mining out the known deposits, activity in the district will stop. Further to this, the DEIS does not disclose the economic impacts of what will happen when all activity stops. Jobs and taxes directly related to mining and indirect impacts such as income for local businesses will all end.

The above comment also pertains to the Impacts on Social Conditions presented on page ES-15. The DEIS states, "Alternative A could result in minor long-term impacts..." We disagree with this conclusion because Alternative A "will" result in long-term impacts and it can be argued that those impacts "would" be moderate and

"could" be major. However, more important is that the DEIS ignores the impacts on Social Conditions should Alternatives B, C, or D be implemented. The implementation of Alternative B will result in immediate, as well as eventual, long-term impacts on employees of the industry through job loss. Alternatives B, C, and D, will also result in long-term impact on those directly benefiting from mining. The immediate impacts will be from employees losing jobs that were being retained in anticipation of the area not being withdrawn. Eventual impacts will be the loss of jobs when the existing mines are mines out. One cannot put a price on the permanent impacts on a family due to the loss of a job, especially one due to a political action.

Section 1.4.3, Authorities, does not list the Arizona Strip Wilderness Act of 1983. The DEIS does not mention that the withdrawal is in direct conflict with this act and implementation of the withdrawal would likely violate this act and therefore be illegal.

Section 4.1.1. The DEIS assumes a large number of documented mineralized pipes have the potential of being mines, when in fact most of the pipes listed do not contain enough reserves nor have the exploration potential to be economic. It does not appear that the authors are experienced in mining economics or checked with industry experts familiar with the details to confirm their assumptions.

A key issue in the DEIS can be found in Section 4.2.5 (Page 4-25), Assumptions for Impact Analysis. This key issue is the mention of reclamation. This implies "temporary" when describing impacts and is the most significant fact in determining whether uranium exploration and mining pose potential harm and proves that a 20-year withdrawal is unjustified and that the segregation was unjustified for that matter.

Energy Resources, page 4-253, third paragraph "... there are no laws in place that would require domestic uranium to be solely purchased and consumed..." and "...uranium mined and produced from within the parcels would not necessarily move the United States toward energy independence...". This conclusion misses the point. That being, at present the United States imports 90% of the uranium it consumes for its nuclear power industry. This means that the present capacity of domestic uranium mines is 10% of the US demand. Production of uranium from the area will increase domestic production so that in the event some protectionist policies are needed due to foreign instability, that production can be called upon. Uranium production (or any mined commodity) cannot be "turned on" when needed, but requires many years of lead time for exploration and mine development to come on stream. Having 100% of the US demand covered with domestic production whether or not it is used domestically is a healthy strategic policy. One needs only to look at US oil demand and production to get the picture. Therefore, it is a fact that uranium produced from within the parcels would move the United States toward energy independence.

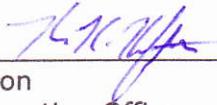
The DEIS continually uses the term "could" in describing potential impacts. This interpretation is clearly flawed in that it is not quantitative. The basis for a withdrawal is not justifiable on the qualitative term "could", but must be justified based on quantitative impacts described as "will" or "would".

Nowhere in the DEIS does it state that a direct positive impact of mining uranium from breccia pipes is that it removes the uranium that is the source of concern in the first place.

In spite of the several comments detailing deficiencies in the DEIS document, the document as is does not support the decision for a 20-year withdrawal. Modification of the document to correct deficiencies commented on herein would further prove that exploration and mining will not significantly impact the area to justify a withdrawal. Nor does the document provide data indicating that an emergency existed (or exists) which is the main requirement for issuing a segregation order.

VANE Minerals (US) LLC fully supports the NO ACTION ALTERNATIVE (Alternative A, no withdrawal) and looks forward to resuming activities in the district and providing opportunity and benefit to the local community. Should you have any questions, please contact me.

Sincerely,



Kris Hefton
Chief Operating Officer