

Kimberly MacMillan

From: **Steve Trussell** <steve@azrockproducts.org>

Date: Tue, May 3, 2011 at 1:22 PM

Subject: Comments - Draft Environmental Impact Statement for the Northern Arizona Withdraw

To: NAZproposedwithdrawal@azblm.org

Mr. Florence,

Attached are comments from the Arizona Rock Products Association regarding the *Draft Environmental Impact Statement for the Northern Arizona Withdraw*. Please feel free to contact me if you have any questions.

Regards,

Steve Trussell

Executive Director

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**ARIZONA
ROCK
PRODUCTS
ASSOCIATION**

May 2, 2011

Mr. Scott Florence
District Manager
Arizona Strip District Office
U. S. Bureau of Land Management
345 East Riverside Drive
St. George, Utah 84790-6714

Subject: Comments on the Draft Environmental Impact Statement for the Northern Arizona Proposed Withdrawal

Dear Mr. Florence:

The Arizona Rock Products Association (ARPA) is writing to urge Secretary Salazar NOT to go forward with the proposed withdrawal from mineral entry of nearly 1,000,000 of public lands (BLM & National Forest) located in northern Arizona. This includes approximately 626,354 acres of public lands managed by the Arizona Strip Field Office, 360,349 acres of National Forest System lands managed by the Kaibab National Forest, 4,284 acres administered by the Arizona State Land Department, and 19,789 acres of private lands divided into three separate parcels. ARPA represents an independent and environmentally conscientious domestic minerals industry. This industry greatly benefits the long-term stability and diversity of our economy and provides for the long range security of the United States.

It is critical that Interior Secretary Salazar act responsibly on the proposed withdrawal when taking his final decision on July 21, 2011 a decision to withdraw all or part of these lands will fundamentally impact the economic well being of communities in Northern Arizona and the state at large for more than a generation.

THE ARIZONA ROCK PRODUCTS ASSOCIATION

For well over 50 years, ARPA has been providing representation for over 40 member companies involved with the production of aggregates, asphaltic concrete, ready mix concrete, asphalt, lime products, and portland cement. Our members include almost 50 associate members providing related transportation, contracting, and consulting services.

ECONOMIC IMPACT OF THE ARIZONA AGGREGATES INDUSTRY

Mining contributions have a positive economic impact on the state of Arizona. In fact, ARPA member companies employ 6,124 Arizona workers who provide essential materials for an additional 112,361 workers in the construction industry of the Grand Canyon State. In 2010, Rock Products workers took home payrolls totaling \$552.6 million and taxes and fees paid to state, local, and federal governments by Rock Products

firms totaled \$98.9 million. This information is based on a 61% reduction of output since 2006 due to the current economic climate which begs the question, why would the Secretary take a decision that would adversely impact jobs and the potential for economic growth in the State?

The value of direct output, production and deliveries of the Arizona Rock Products industry was \$1.6 billion in 2010. When direct expenditures by the Rock Products industry enter the general economy, each dollar is available for additional spending, creating a "multiplier effect" that increases employment, income, and total economic activity in Arizona. The total economic impact of the Rock Products industry, incorporating multiplier effects estimated from an input-output model, was \$2.9 billion in 2010. These revenues were disbursed back into the Arizona economy as expenditures for personnel, materials, supplies, equipment, fuel, utilities, leases, services and payments to governments. Arizona Rock Products industry purchases of goods, services, materials, and supplies from other Arizona businesses were \$956.2 million in 2010. This information covers only one of the several mining sectors in Arizona. We urge you to look at the economic impacts of all sectors combined to fully appreciate the importance of the mining industry.

URANIUM EXPLORATION

Uranium exploration and development in northern Arizona, along with the substantial investments of several resource companies, has been placed at significant risk by the proposed withdrawal of over 1 million acres of federal land. When combined with the other withdrawals and prohibitions in the area, an astonishing 6,818 square miles or approximately 4.36 million acres of land with extraordinary mineral potential will be lost to mineral entry. Remarkably, lands removed from mineral entry in Arizona will be greater than the combined areas of the District of Columbia, Rhode Island and Delaware and will "take" approximately 6% of the entire state.

Any reasonable search for clean and abundant energy with a minimal carbon footprint would inevitably lead to the vast resources in northern Arizona. This endowment represents an enormous and vital domestic supply of clean energy at a time when it is critical to the needs of the United States.

The unique mineralization of the area continues to attract the interest of the United States Geologic Survey (USGS) and resource companies because it hosts one of the largest and highest grade uranium deposits in the world. When compared to other uranium deposits, the USGS, Bureau of Land Management (BLM) and the Arizona Geologic Survey (AGS) have described the study area as having the potential of becoming the second most important uranium-producing region in the United States.

While legacy mining in and around the canyon have produced some difficult environmental challenges that were difficult to mitigate, it is important to recognize that the industry has advanced significantly. In fact, modern mining techniques utilized for

over 30 years have repeatedly demonstrated that uranium can be safely extracted in an environmentally sound manner.

Although common minerals such as sands and gravel are not included in the proposed withdrawal, ARPA has several comments and concerns regarding the proposed removal of lands from location and entry under the 1872 Mining Law. These issues are addressed in the following sections.

WITHDRAWAL WOULD BE A DEPARTURE FROM EXISTING STRATEGIC MINERALS POLICY

The National Materials and Minerals Policy Research and Development Act of 1980 specifically, Title 30 Chapter 28 § Section 1601-1604 includes provisions in order to identify materials needs and assist in the pursuit of measures that would assure the availability of materials critical to commerce, the economy, and national security. The policy recognizes that the availability of materials is essential for national security, economic well-being, and industrial production in the U.S. Conversely, the proposed withdrawal at any level would have the opposite effect.

ACCESS AND RIGHTS OF WAY

ARPA has a significant concern that access to either State Trust or private lands from federal lands for mineral exploration projects or for any roads or utility easements required for new mine development will become more difficult if this land is removed from entry.

If the withdrawal is authorized, the DEIS does not address the ability of a permittee on state or private lands to obtain a right-of-way across the federal lands that are closed to mineral location or entry. Clearly, this is a significant omission in the DEIS because these right-of-way limitations could serve to effectively increase the withdrawal area or expand the exclusion to include common minerals without an appropriate evaluation of impacts as required in the NEPA process.

URANIUM RESOURCE POTENTIAL

ARPA has significant reservations about how the Draft Environmental Impact Statement (DEIS) can seemingly ignore credible resource estimates produced by BLM and the USGS (Circular 1051) that conclude that the district has the potential of becoming one of the most important uranium-producing regions in the United States. In other words, how can the DEIS arbitrarily reduce a 300 to 400 million pound uranium endowment (as estimated by the USGS and others) to a relatively unremarkable resource of merely 45 million pounds?

Recently, ARPA has learned that resource companies have utilized remote sensing and geophysical surveys to locate hundreds of previously-unknown anomalies within a small portion of the proposed withdrawal area. We strongly believe that these surveys have

validated the existence of hundreds of undiscovered pipes in the withdrawal area and consequently should be considered in the resource estimate.

ADMINISTRATIVE CONTRADICTION

The public needs to know the real reasons the Administration declared an emergency threat to these lands; whether there are legitimate environmental concerns from uranium mining on these lands; the impact to the nation's nuclear fuel supply by removing between 326 – 375 million lbs of America's highest grade uranium deposits at a time our domestic utilities are importing 90% of the uranium they use from foreign nations even though we could easily be self sufficient; and finally, why the Secretary of Energy is out promoting President Obama's agenda to build additional nuclear power plants, while the President's Secretary of the Interior is moving rapidly to block access to one of the largest domestic supplies of fuel necessary to operate new reactors, not to mention the 104 reactors now operating within the United States. There will be renewed interest in building additional nuclear power facilities to meet the needs of a growing U.S. population. These breccia pipe uranium deposits are a key part of meeting current and future demand and the Administration has done little to validate its reasons for its actions.

DISREGARD FOR EXISTING AGREEMENTS

In 1984, Arizona's Congressman Morris Udall, as Chairman of this Committee, directed the uranium mining industry, native Americans, environmentalists, cattlemen and other stakeholder groups to negotiate an agreement on which lands should be left open for mining and other multiple use activities and which lands should be designated wilderness. Those groups met and negotiated a compromise which formed the basis for designating Arizona's first wilderness areas as buffer zones around the Grand Canyon National Park. Chairman Udall together with Arizona's Senator Barry Goldwater, Senator Dennis Deconcini, and his House colleagues John McCain, and Bob Stump honored the negotiated agreement and released these very same lands now proposed for withdrawal from Wilderness Study classification with the specific understanding and expectation that uranium mining would occur on them under the strict environmental laws of both the State of Arizona and federal government. Chairman Udall's foresight in 1984 recognized the value to the nation and the people of Arizona. Subsequent environmental monitoring including a new study by the non-partisan Arizona geological survey continue to show little if any legitimate environmental threat to the Grand Canyon or its Colorado River watershed. Absent any findings to the contrary, the current Administration proposes a complete disregard for that agreement and ignores the foresight shown by Chairman Udall and his Arizona colleagues must be explained to the American people including Arizonans who stand to lose billions in economic activity if these lands are withdrawn.

ADEQUACY OF EXISTING REGULATORY FRAMEWORK

The DEIS notes that the no-action alternative would rely on the existing entitlement requirements and environmental programs to protect the resources in the Grand Canyon

watershed. ARPA takes issue with this statement because it implies that the basic need for the withdrawal is to compensate for an inadequate existing federal, state and local regulatory framework.

Although the adequacy of existing regulations are often cited by mining opponents as the reason for repealing the 1872 mining laws, state and federal environmental regulations surrounding mine exploration and development are the most complex and prescriptive in the world. These regulations and the natural bias of resource managers to protect environmental, cultural or biologic resources often create seemingly impenetrable barriers to mine development.

An example of this bias; how is it that federal land managers can commission the preparation and publication of the subject DEIS (numerous mining operations) in less than 24 months when federal land managers overseeing the permitting of the Rosemont Mine (just one mine) near Tucson can take more than 2 years to publish a DEIS that was started more than 4 years ago?

There are a vast number of local, state and federal regulatory agencies who regulate the complex and oftentimes redundant network of permits and entitlements needed for mining. It's difficult to envision some inherent inadequacies of the existing regulatory framework that would permit even an insignificant impairment of the environment.

Putting the withdrawal aside, ARPA believes that the difficulty of establishing a Valid Existing Right (VER) and obtaining approval of a reasonable Plan of Operations results in the Reasonably Foreseeable Development (RFD) significantly over-estimating the amount of potential future development in the withdrawal area. Again, this substantially underestimates the magnitude of the uranium resources lost to the withdrawal.

Although many statements from environmental groups supporting the withdrawal cite the total number mining claims in the area as the actual number of potential mines, this is far from the reality. However, the DEIS does nothing to dissuade a reader from this assumption and, as previously discussed, does little to accurately estimate how long (and how difficult) it would take to establish a VER and properly permit all of these 5,300 mining claims. Additionally, typically less than one percent of these mines would actually be developed.

POSSIBILITY FOR PERMANENT WITHDRAWAL FOR FUTURE MINING

ARPA understands that "temporary" withdrawals are renewable as long as the underlying reason for the withdrawal is still valid. But, the DEIS fails to demonstrate that future mineral development (under the no action alternative) would have no more than a minimal impact to the environment. ARPA is concerned that if any withdrawal can be justified on the basis of the poorly-documented Environmental Consequences (Chapter 4) than any future reversal of the withdrawal could never be justified. Consequently, ARPA

believes that the proposed withdrawal will permanently affect the development of the highest grade uranium resource in the U.S.

IMPACTS TO THE GRAND CANYON WATERSHED

The principal justification for the withdrawal is the elimination or reduction of uranium discharges to the Grand Canyon watershed. The DEIS goes to great length to discuss the existing and potential impacts from mining to both surface and groundwater quality and quantity. Unfortunately, the DEIS appears to bias the results of the analysis by favoring unrealistic or unsubstantiated assumptions when quantifying the Environmental Consequences.

Hundreds of mineralized pipes exposed within the canyon are gradually eroding, oxidizing and leaching uranium into the environment. In fact, the USGS and AGS note that the amount of uranium naturally eroding into the watershed from these exposed breccia pipes far exceeds any past releases of uranium from historic mining releases in addition to any reasonably-anticipated releases of uranium from future mining activity.

Consequently, any withdrawal based on the assumption that the cessation or prevention of uranium mining activity will somehow preclude the introduction of uranium into the Grand Canyon watershed is seriously flawed.

With regards to groundwater impacts occurring from recent (modern) and future anticipated mining, the DEIS describes in 3.4.4 that several regulatory and independent consultant reports indicated that conditions are not favorable for migration of leached minerals and regulated constituents from modern mining operations to regional aquifer systems. Further, there is little evidence that the impact of mine well pumping could ever impact any regional wells.

Despite these earlier conclusions, the DEIS constructs a conceptual groundwater model that simulates long-term continuous drainage from half of the mines projected in the RFD. Then the DEIS estimates that the potential discharge from these mines would contain dissolved arsenic and uranium concentrations 10 times EPA Maximum Contaminant Levels. These concentrations also represent the highest concentrations measured directly below the (historic) Orphan Lode Mine. The DEIS uses these values, even though the unreclaimed conditions at the Orphan Lode Mine are not considered to be representative of existing or historic breccia pipe mines.

Remarkably, the DEIS assumes that these discharges will migrate more than 1,000 feet (the average distance between modern breccia pipe mining operations and the regional aquifer system) through low permeability sedimentary units and subsequently discharge into the regional aquifer/springs with no dilution or dispersion. Why does the DEIS fail to use standard industry hydraulic and geochemical models to accurately measure the water-rock and water-water interactions that occur as a discharge moves through the vadose zone, encounters and mixes with groundwater and moves laterally through the aquifer to a downgradient point of compliance or discharge?

Because the DEIS is charged with scientifically evaluating possible Environmental Consequences, it seems irresponsible to use arbitrarily selected discharge volumes, constituent concentrations and downstream impacts that are derived from data that is clearly not representative of modern mining conditions and could easily be more accurately predicted if the process employed scientifically-based and defensible groundwater and geochemical models.

URANIUM COMMODITY PRICING AND RESOURCE AVAILABILITY

In Appendix B the DEIS assumes that the price of uranium will remain stable at around \$40 per pound for the full 20 year withdrawal. However, since the DEIS was written, the price of uranium has already increased dramatically from the \$40/lb. level. The spot price for uranium reached \$72/pound in January 2011 and subsequently settled to \$61/lb. in early April.

Further, as shown on Figure B-3, yearly reactor requirements for uranium have exceeded the annual production of uranium since approximately 1990. As global stockpiles of uranium have been gradually depleted, the price of uranium will inevitably rise and the pace of worldwide uranium consumption suggest future prices will remain well above the \$40/lb. level assumed in the DEIS. This further discredits the RFD as commodity pricing will influence mining activity and projected revenues, dramatically undervaluing the endowment and incorrectly minimizing the financial impact of the withdrawal.

CONCLUSIONS

The DEIS reveals nothing in the recent history of breccia pipe development and nothing in the Reasonably Foreseeable Developments, that would appear to justify the massive withdrawal of an additional million acres of federal lands. The DEIS clearly indicates that any potential releases of uranium from current or future mining would be orders of magnitude below the uranium that will be naturally-released from the exposure of mineralized breccia pipes in the canyon.

Although there has been no incident in the 30-year history of modern breccia pipe development that would appear to justify a withdrawal, the DEIS purposefully biases the Environmental Consequences and the RFD by using pre-reclamation environmental data from the Orphan Mine which was originally developed in 1947. Even though the DEIS states that the conditions evaluated are not accurately determined and are contrived from data that is clearly not representative of modern mining conditions, the DEIS consistently fails to use scientifically-based and defensible groundwater and geochemical models to estimate potential impacts to the environment.

ARPA is also concerned that the DEIS artificially and arbitrarily reduces the size of this massive endowment, overestimates the amount of resources that could reasonably be

Mr. Scott Florence
April 25, 2011
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extracted after proving Valid Existing Rights, and underestimates the loss of royalties, jobs, taxes and investments resulting from the withdrawal.

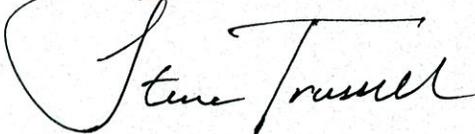
Despite the fact that the RFD irrationally discounts the USGS estimate of uranium endowment, any estimate of the endowment is based solely on exposed breccia pipes or pipes with visible collapse features and does not consider the recent advances in detecting mineralized breccia pipes without surface collapse expressions.

Consequently, ARPA suspects that the DEIS has massively underestimated the number of mineralized breccia pipes available for development and consequently have not adequately constructed an analysis in the RFD that correctly identifies and addresses the massive financial implications of closing the withdrawal area to development. Clearly, a withdrawal would essentially destroy the entire productive potential of the highest grade and most favorable endowment of uranium mineralization in the United States.

What is particularly frustrating is the discontinuity between the proposed action and the administrations stated goals of domestically-developed low CO₂ emitting fuels. Obviously, the complete withdrawal of high grade uranium deposits in Arizona does nothing to reduce America's CO₂ footprint and further increases our dependence on foreign-produced and less dependable energy sources.

On behalf of the Arizona Rock Products Association, I urge you to select the "No Action" Alternative.

Sincerely,

A handwritten signature in cursive script that reads "Steve Trussell". The signature is written in black ink and is positioned below the word "Sincerely,".

Steve Trussell
Executive Director

Cc: