

Appendix I – Response to Colorado Division of Wildlife Letter





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Steve White
Land Use Director, Montrose County
317 S. Second Street
Montrose CO 81401

**SUBJECT: Piñon Ridge Mill Facility, Comment Response to Colorado Division of
Wildlife Letter dated August 15, 2008**

Dear Mr. White

Thank you for forwarding the comments provided by Mr. Renzo DelPiccolo, Montrose, Colorado, Area Wildlife Manager of the Colorado Division of Wildlife (CDOW) on the proposed Piñon Ridge Mill site. Kleinfelder Inc. has been retained by Energy Fuels Resources Corporation (EFR) to support the license application process for the proposed Piñon Ridge Mill. We appreciate the thorough and thoughtful comments of Mr. DelPiccolo and look forward to working with him and other CDOW staff to identify and mitigate potential impacts to wildlife.

As you know, key parts of the licensing requirement for the Piñon Ridge Mill are the characterization of the proposed mill site and the evaluation of the baseline site conditions. In accordance with the directions of EFR, in July of 2007, Kleinfelder, under the direction of Dr. Louis Bridges began the work necessary to characterize the ecological conditions of the proposed mill site. Kleinfelder completed the literature review and field ecological baseline characterization study in May 2008.

Additionally, EFR retained Dr. F. Ward Whicker, Professor Emeritus from the Department of Environmental & Radiological Health Sciences at Colorado State University, to conduct the baseline survey of naturally-occurring radionuclides in animals at the site for the proposed Piñon Ridge Mill. Dr. Whicker and his team conducted their baseline work in May 2008. Dr. Whicker will also continue to act as an adviser to EFR in the design of a biological monitoring plan for the continuing evaluation of any radiological impacts on wildlife.

The findings of Kleinfelder and Dr. Whicker through the literature review and field data collection efforts to date confirm many of the comments provided by Mr. DelPiccolo. The CDOW outlined a number of concerns and potential impacts associated with the proposed construction of the Piñon Ridge Mill. Below are our preliminary comments to those concerns identified by the CDOW.

IMPACTS TO WILDLIFE RESOURCES

Big Game

- Both the literature review and field studies completed over the past 12 months confirmed that the proposed mill site is within the severe winter range for mule deer and elk. Based on observations of both mule deer and elk track, both deer and elk visit the site and travel through the site.
- Although no concentrations of mule deer or elk were observed on the site during the winter and spring seasons of 2007 and 2008, respectively, individual mule deer and elk were observed passing through the site.

Small Game and Non-Game Species

- Mr. DelPiccolo correctly notes that the existing information for the proposed mill site concludes that the proposed mill site is not within the occupied Gunnison sage grouse habitat, but is located within potentially suitable Gunnison sage grouse habitat.
- While, as identified by Mr. DelPiccolo, the proposed mill site is within the potentially suitable habitat of the Gunnison sage grouse, Kleinfelder biologists have completed four quarters of bird surveys on the site and no Gunnison sage grouse were observed on or near the proposed site. No evidence of nesting or display areas (leks) was observed during our field studies.

Aquatic Species

- The literature review and the four quarters of field surveys did not reveal the presence of federally Threatened or Endangered (T&E) species or Species of Concern (SOC), nor suitable habitat for listed species. However, as suggested by Mr. DelPiccolo, activities at the proposed site could indirectly impact T&E aquatic species downstream of the site should a hydrologic connection to surface waters be identified. Based on the site characterization and data collection to date, no hydrologic connection has been observed.
- Kleinfelder (April 2008) completed a jurisdictional Wetland Delineation and Waters of the United States evaluation of the proposed mill site. Kleinfelder determined, and the United States Army Corps of Engineers (USACE) Sacramento District concurred, that no Wetlands or Waters of the United States were connected to the site. The USACE determined in a formal letter from the USACE dated September 19, 2008 that the site was considered an upland area.
- As part of the baseline characterization and evaluation, EFR has developed and implemented a surface and groundwater data collection program to evaluate potential impacts to the water resources in the vicinity of the proposed mill. This program will also form the basis for a long-term monitoring program.

Overall Habitat Quality

- Since the proposed site has served as grazing land for cattle, the site has been impacted by human activities including grazing, sagebrush removal, cultivation, and habitat manipulation

to improve the quality of the rangeland for cattle production. The grazing and other activities to support the grazing have already impacted the rangeland quality and introduced opportunities for ruderal vegetation species including invasive and exotic species.

- As part of the mill licensing process, EFR will implement and integrate a weed management plan, in accordance with applicable requirements, to control non-desirable plant species including invasive and exotic weeds. The weed control plan is intended to reduce further impacts associated with construction, operation and decommissioning of the mill site.
- The mill license that will be issued by CDPHE will contain reclamation requirements that detail the revegetation plan that EFR will have to undertake to reestablish native vegetation in areas that will be disturbed by the construction, operation, and decommissioning of the mill.

Specific Mill Operations

- In the mill design process, consultants to EFR were tasked with evaluating various layouts and uses/controls for the facilities to minimize exposure of waterfowl to water associated with mill operations. Based on such evaluations, EFR has agreed to net the evaporation ponds and operate under conditions to minimize water surface areas. However, EFR does not plan to net the tailings cells due to the potential human risk involved in maintaining a 30-acre netting system.
- Under the current proposed mill operation plan, only one tailings cell will be utilized at any one time. As one tailings cell fills to capacity, the next planned cell will be constructed and the closure of the full tailings cell will begin. Therefore, the Piñon Ridge mill operations would minimize the amount of active tailings cell surface area available at any one time.
- As part of the mill license, the mill licensed boundary, including the tailings cells and evaporation ponds, will be fenced to prevent trespass of people, wildlife, and open range cattle into the operations areas.

Cumulative Impacts

- Kleinfelder and EFR concur with Mr. DelPiccolo that the proposed mill may spur an increase in mineral activity in Southwest Colorado. However, it is also quite likely that an increase in activity will occur with or without the presence of the Piñon Ridge Mill.
- EFR did evaluate alternative sites for the proposed conventional uranium mill. EFR believes that the proposed location of the Piñon Ridge Mill site is advantageously located in terms of potential impacts to the environment and ecology, but of course no site would have absolutely no potential for creating impacts.
- We acknowledge Mr. DelPiccolo's concern for potential impact to the Townsend's big-eared bat (a State of Colorado Species of Special Concern (SOC) and a BLM sensitive species) that are currently using abandoned mines in the area for roosting. However, any increase in mineral activity, related to the Piñon Ridge Mill or not, has the potential to create potential impacts to wildlife in the area, including the Townsend's big-eared bat.
- Wildlife-vehicle collisions although avoidable will increase due to the increases in energy-related activities throughout the western states.

Mr. DeIPiccolo's listing of potential mitigation recommendations will certainly be helpful to both EFR and CDPHE as we progress through the permitting process. However, Kleinfelder believes that it is too early in the permitting process to establish specific mitigation measures because mitigation measures for wildlife and wildlife habitat must be integrated into the overall facility design and the permitting requirements of other regulatory agencies. For example, CDOW recommended in its letter that the existing road network be improved rather than building new roads to access the mill. However, the existing road network is too close to the property boundary to meet fugitive dust emission limits established by the Colorado Air Quality Division for the property boundary thereby necessitating the construction of at least some new roads on the proposed site. The existing roads will be used for two-track access to the proposed utility corridor, but cannot be improved and used for primary mill access.

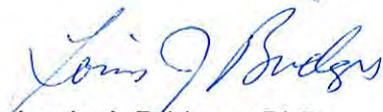
The CDPHE licensing process has been set up to require a detailed examination of all environmental aspects of the proposed facility. EFR will consider CDOW's concerns and proposed mitigation measures in development of its final design and operation plans. CDPHE will then evaluate those plans in light of CDOW's concerns and recommendations.

Kleinfelder wants to thank the planning and land use staff of Montrose County for their input and comments on how to reduce the impacts associated with the proposed mill. We look forward to working with the Montrose Land Use Planning Commission, CDOW, and other agencies and stakeholders to prepare for and operate the proposed mill. In addition, EFR has indicated their willingness to work with the Planning Commission, CDOW, and stakeholders in feasible and prudent ways to mitigate foreseeable impacts associated with the proposed mill.

Should you have any questions feel free to contact Mr. Frank Filas, Environmental Manager (EFR) at 303-974-2140; Dr. Alan Kuhn, Program Manager (Kleinfelder) at 505-344-7373, or Dr. Louis Bridges (Deputy Project Manager) at 303-901-9317.

Respectfully submitted,

KLEINFELDER WEST, INC.



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Appendix J – Full Size Drawings

