

July 29, 2014

SENT VIA CERTIFIED MAIL (RETURN RECEIPT REQUESTED) AND ELECTRONIC MAIL

Timothy Burke, District Manager
Bureau of Land Management – Arizona Strip Field Office
United States Department of Interior
345 East Riverside Drive
St. George, UT 847906714

RE: Violations of the Plan of Operations at the Pinenut Mine

Dear Mr. Burke:

On April 17, 2013, the Grand Canyon Trust, Center for Biological Diversity, and Sierra Club (the “Conservation Groups”) petitioned the Bureau of Land Management (“BLM”) to prepare a mineral examination report for the Pinenut Mine and to revise the Mine’s Plan of Operations, which dates back to 1986. This petition was followed by an August 9, 2013 letter from the Conservation Groups urging BLM to respond to the petition. BLM has not responded to either of last year’s letters. The Conservation Groups request that the Arizona Strip Field Office provide an immediate official response to the entirety of the April 17, 2013 petition.

The Conservation Groups’ concerns regarding water contamination, water management, and radioactive material at the Pinenut Mine are exacerbated and underscored by the stockpiling of uranium ore at the Mine. The mine’s previous owner stockpiled 1,500 tons of remnant uranium ore at the Pinenut Mine, where it remained for 20 years. The ore was finally removed by the Mine owner in 2008 to facilitate reopening of the Mine. See Letter re “Transportation of Remnant Ore from the Pinenut Mine . . .,” from Denison Mines (USA) Corp. to Kaibab Band of Paiute Indians (June 20, 2008) (attached as Ex. A) (BLM employee Rody Cox was copied on this letter).

Further, on April 23, 2014, Energy Fuels Resources announced its intent to continue mining uranium at Pinenut. However, Energy Fuels indicated that “[a]ll production from mid-2014 through the depletion of the economic resource will be stockpiled on the surface at the mine, pending improvements in market conditions at which time it would be transported to the White Mesa Mill for processing into U3O8.” The temporary storage of uranium ore in the Mine (for two decades prior to 2008 and indefinitely after mid-2014) is not contemplated

or authorized in the 1986 Plan of Operations or analyzed in the accompanying Environmental Assessment, nor is it permitted by BLM surface management regulations.

Because Pinenut Mine is located within the area of the 2012 Mineral Withdrawal and BLM's Plan of Operations approval did not include a finding of claim validity, the mine has not been fully approved and is operating unlawfully. Under the Withdrawal, BLM must determine that all claims associated with Pinenut contain valid existing rights and has failed to do so.

These deviations from the approved 1986 Plan of Operations require the Mine owner to modify the Plan of Operations and BLM to conduct an additional National Environmental Policy Act (NEPA) analysis. *See* 43 C.F.R. §§ 3809.431-.432. As noted above, BLM's NEPA analysis of the original 1986 Plan of Operations did not take into account any temporary stockpiling or storage of loose ore. In addition, the human and ecological effects of the unanticipated volume of water that accumulated in the Mine during more than 20 years of temporary closure and its contamination due to prolonged contact with exposed ore in the shaft have gone unstudied, which contravenes the bedrock purpose of NEPA – to prevent uninformed agency action. *Robertson v. Methow Valley Citizens Council*, 490 U.S. 332, 351(1989). This is troubling considering the fact that BLM has been in possession of this information since it was copied on the letter from Denison Mines (USA) Corp. to the Kaibab Band of Paiute Indians in June of 2008 and became aware of the need to dewater the mine before it could be entered.

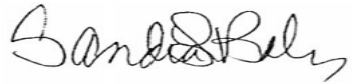
In light of the unanticipated, unauthorized, and unstudied storage of uranium ore at the Pinenut Mine and accumulation of contaminated groundwater in the shaft, the Conservation Groups request that BLM act under the authority of the Federal Land Policy Management Act (“FLPMA”) and its surface management regulations to order an immediate suspension of the Pinenut operations to protect health, safety, and the environment. *See* 43 C.F.R. § 3809.601(b)(2).

We appreciate your commitment to preventing any further harm to public resources and look forward to your timely response to our requests.

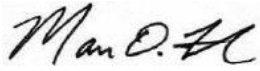
Sincerely,

A handwritten signature in blue ink that reads "Roger Clark". The signature is written in a cursive, flowing style.

Roger Clark, Grand Canyon Trust.



Sandy Bahr, Sierra Club



Marc Fink, Center for Biological Diversity

cc.

Raymond Suazo, Arizona BLM State Director
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