



File Code: 1950

Date: April 16, 2007

Dear Interest Party,

The Forest Service is seeking public comment on proposed minerals exploration to be conducted on the Kawishiwi Ranger District of the Superior National Forest. The proposed activities would occur about 10 miles southeast of Ely, MN, on State Highway 1 in an area southeast of the South Kawishiwi River. Minnesota State Highway 1 passes through the area in the vicinity of the proposed activities. The enclosed map, Figure 1: Kawishiwi Minerals Exploration, shows the proposed exploration operations.

Background Information

The Forest Service is the lead agency for this project analysis and the United States Department of the Interior, Bureau of Land Management (BLM) is a cooperating agency. The Eastern States-Milwaukee Field Office-BLM has received three operating plans proposing exploration of federal minerals beneath the Superior National Forest. Each of these drilling plans is from a separate company. Two of the companies, Duluth Metals Limited and Encampment Resources L.L.C., hold valid federal mineral prospecting permits, and the third company, Lehmann Exploration Inc. (Franconia), holds a valid federal mineral lease. The three operating plans propose similar drilling and exploration activities, and they are near each other as well (Figure 1). Because these operating plans would directly affect resources on the Superior National Forest, the BLM must have consent from the Kawishiwi District Ranger allowing the BLM to approve these drilling plans.

Decisions to Be Made

The role of the Forest Service in this process is to ensure the permits and lease contain stipulations and conditions that properly protect the surface environment without unnecessarily restricting operations. The Forest Service will lead the preparation of an Environmental Assessment (EA) disclosing estimated environmental effects of the proposals.

With respect to the two prospecting permit proposals, the Forest Service decisions are:

- To ensure that the operating plans are consistent with the terms and conditions of the Forest Service consent to the permits and
- To determine if additional measures are needed for the permit in order to protect surface resources.

With respect to the mineral lease proposal, the Forest Service decision is to ensure that the operating plan is consistent with the surface use terms and conditions of the mineral lease.



The role of the BLM in this process is to ensure sufficient analysis of potential surface and below hole effects in the EA to enable their approval of the minerals exploration operating plans submitted by Duluth Metals, Encampment Resources, and Lehmann Exploration. It is beyond the scope of this project to reconsider the issuance of the prospecting permits or lease for the proposed operating plans. The permits and lease are based on previous BLM decisions.

Purpose & Need

The purpose of the operating plans is for the permit holders and the lease holder to obtain core samples of the federal minerals so they can determine the location and extent of minerals being explored. The purpose and need for this environmental assessment is to ensure that exploration of mineral resources is conducted in an environmentally sound manner (Forest Plan D-MN-2, page 2-9), consistent with the terms of the permits and lease and consistent with the goals and objectives and standards defined in the Forest Plan. This project needs to address the minerals exploration on specific sites proposed by Duluth Metals, Encampment Resources, and Lehmann Exploration. In addition the project needs to be consistent with Forest Plan Standard S-MN-12 to ensure that the protection of federal surface would be accomplished.

The BLM needs the following actions to be addressed in this project:

- Updating existing applications with an updated drilling calendar schedule.
- Providing down hole information regarding the size of their holes and casing specifics.
- Methods of proposed drilling including planned use of specific drilling additives.
- Methods for abandoning drill holes and drilling site restoration plans.

Proposed Action

Attachment 1 contains summaries of the proposed operating plans of Duluth Metals, Encampment Resources, and Lehmann Exploration exploratory drilling on a total of 77 sites; 10 for Duluth Metals, 44 for Encampment Resources, and 23 for Lehmann Exploration. The surface area disturbed by the combined 77 drill sites would total about 9 acres. Figure 1 displays the sites of the proposed drilling. Many of the proposed drill holes are sited in swampy terrain or are otherwise accessible overland only when the ground is frozen. Where drilling is proposed in swampy areas, overland access to these sites would be during winter when the area is thoroughly frozen and access can be established with minimal disturbance.

Forest roads 181, 181B and F, 186, and 1900 would be used to transport drill rigs, personnel and supplies to the drill sites. A combined total of approximately 5.3 miles of temporary road would be constructed to access the drill sites. Temporary roads are roads authorized by contract, permit, lease, other written authorization, or emergency operation that are not intended to be a part of the forest transportation system, and not necessary for long-term resource management. These roads are not included on the National Forest System road inventory and are decommissioned after use (Forest Plan, Glossary-27).

Some clearing of overgrowth on existing roads may be required for passage of the drill rigs. All the proposed temporary roads would be closed from use after drilling operations and permanently decommissioned after the holes are plugged. All proposed temporary roads would be closed to public use during and after drilling operations. The closures and decommissioning would be monitored for effectiveness. Access to drill sites would also include the possibility of utilizing helicopters to lengthen the potential operations period beyond frozen conditions, where required for access considerations.

Input and Feedback Regarding the Proposed Action

In providing input for this project please consider the stipulations and the terms and conditions of the Forest Service's consent for use that are different from the proposal operating plans. The operators are required to be consistent with the stipulations and conditions as shown in the permits and lease.

The "Standard Stipulations" listed in the permits for Duluth Metals and Encampment Resources and "Special Conditions" in Section 13 item (b) of the lease for Lehmann Exploration, identify the following aspects to be addressed in the operating plans for the proposed minerals exploration:

- Steps taken to provide public safety.
- Location and extent of areas to be occupied during operations.
- Operation methods including size and type of equipment
- Capacity, character, standards of construction and size of all structures and facilities to be built (*note*: no permanent structures are proposed in this project).
- Location and size of areas where vegetation would be removed or soil laid bare.
- Steps taken to prevent and control soil erosion.
- Steps taken to prevent water pollution.
- Character, amount, and time of use of explosives or fire, including safety precautions during their use.
- Program proposed for rehabilitation and re-vegetation of disturbed land.

In addition to these standard stipulations and conditions the permits contain special stipulations and the lease contains terms and conditions not listed in the permits.

Special Stipulations for Prospecting Permit Actions (Duluth Metals and Encampment)

1. No mineral development of any type is authorized under the permit and no mineral lease may be issued for the land under permit without prior consent of the Forest Service, USDA and the proper rendition of an environmental analysis in accordance with the National Environmental Policy Act of 1969, the findings of which shall determine whether and under what terms and conditions for the protection of the land involved the lease may issue.
2. No drilling within 400 feet of the shoreline of any lake or stream is authorized without the written approval of the Forest Supervisor.
3. No drilling within ¼ mile of an eagle or osprey nest from February 15 through October 11 of each year. Significant land disturbance is not allowed within 660 feet of an eagle or osprey nest at any time.
4. The Permittee will file a report with the District Ranger upon the conclusion of all work, specifying the methods and materials use to properly plug and cap any drill holes and/or the types of material and methods used to restore any other excavations required to be restored by law, regulation, stipulation, or permit provision.

Terms and Conditions in the Mineral Lease Proposal (Lehmann Exploration)

The lease states that unless authorized by a Forest Service Authorized Officer, the lessee cannot drill any wells, carry on operations, make excavations, construct tunnels, drill, or otherwise disturb the surface of the lands within 200 feet of any building. It also includes conditions relating to conformity with the 1930 Shipstead-Newton-Nolan Act; no occupancy or use of the surface within 400 feet of the shoreline of any lake or stream is authorized without the written approval of the Forest Service Authorized Officer.

Potential Resource Issues

At this time, possible environmental issues may relate to potential effects on resources including:

- Water treatment – concerns may be raised on how water used in operations is treated at the sites.
- Threatened, Endangered, and Sensitive species – concerns may arise regarding potential effects of noise or location of drilling operations on TES species.
- Access – concerns may arise regarding effects of temporary road developed to access drilling sites or the use of helicopters to facilitate access.
- Wilderness and Recreational Experiences– since the Boundary Waters Canoe Area Wilderness is within 1 to 2 miles of the northernmost proposed drill sites and recreation facilities such as the South Kawishiwi Recreation Residences and the South Kawishiwi Campground are in the vicinity of the proposed operations, concerns may arise regarding potential effects of noise.

To be most useful for the environmental assessment for this project, please submit your input and feedback by May 30, 2007. Please submit your comments on the proposed action to Michael Jiménez, 8901 Grand Avenue Place, Duluth MN, 55808, email mjimenez@fs.fed.us, telephone number (218) 626-4383. Please notify us if you do not have comments about this project at this time, but would like to remain on our mailing list for this project.

Analysis Process and Timeframes

Your input and feedback on the proposed Kawishiwi Minerals Exploration Project will help determine potential issues regarding the proposed action and to help develop alternatives or mitigations that may be needed to address concerns with the proposed action, especially in terms of identifying additional stipulations or conditions for the permits and lease. Following this scoping for issues, an Environmental Assessment will be prepared to document the analysis of the Kawishiwi Minerals Exploration Project. I estimate that a draft EA will be submitted for 30-day public comment period this summer in July and August. Included in the EA will be discussion on the proposed action, purpose and need, alternatives and mitigations, and an estimate of environmental consequences.

Analysis disclosed in the EA will be used in determining what decision will be made for this project. If no significant impacts are identified in the EA, the Forest Service and BLM would issue decision documentation including FONSI (Findings of No Significant Impact) for each of the proposed actions submitted by Duluth Metals, Encampment Resources, and Lehmann Exploration. Forest Service decisions regarding the proposals are likely to be made in September 2007.

I appreciate your interest in the management of the Superior National Forest and look forward to receiving your input regarding this mineral exploration proposal.

Sincerely,

MARK E. VAN EVERY
District Ranger

