



File Code: 2810

Date: July 2, 2010

Dear Forest User:

The Gallatin National Forest is seeking your comment on a mineral exploration proposal in the Chrome Mountain and Iron Mountain areas, on the Chrome Mountain area between the West Fork of the Stillwater River and the Boulder River about 12 miles west of Nye, Montana (Figure 1). You are being contacted since you may be potentially interested in or affected by implementation of this proposal.

The purpose for action is the submission of Premium Exploration Inc.'s Chrome Mountain – Gallatin 2010 Plan of Operations (referred to hereafter as Plan of Operations). The need for action is the Forest Service's responsibility to approve, or require modifications to, the Plan of Operations in accordance with Federal mining and environmental law.

### **Project Description**

Premium Exploration, Inc. has submitted a Plan of Operations proposing exploratory drilling and reclamation at 15 diamond drill sites to explore its mining claims for the presence of platinum group elements. Figure 2 is a map of the area where drilling is proposed. Actual drill-pad locations would be determined by local geology and surface morphology and on the ground review by the USFS representative. Exact drill site locations would be determined with the intent of locating drill sites in a manner that minimizes impacts to the environment and forest surface resources. Following is a summary of specific activities included in the Plan of Operations:

#### Access

Main access to the Chrome Mountain area would be via the Picket Pin Road #2140, #140 and then existing roads and trails, as identified in the Motor Vehicle Use Map, Gallatin N.F., Absaroka-Beartooth Mountain Range, would be utilized to access the claim blocks, drill-sites, lay-down areas, water sources, prospecting areas, mapping areas, sampling areas, and areas to be surveyed. Type and size of vehicles that will use the access routes would include small track-hoes, tracked vehicles, pickups, 4-wheelers, motorcycles, and foot traffic.

Overland travel (i.e. not on an existing road or trail route) with motorized vehicles and equipment is proposed to access some drill sites by ATV's and tracked vehicles. Overland travel by vehicles and equipment would occur only on routes marked with flagging that have been reviewed and pre-approved by the USFS representative for specific vehicle and equipment types. In the event of fire danger operating restrictions or changes in ground condition (i.e. excessively wet conditions resulting in soil rutting/displacement, heavy snowfall, etc.) travel on existing routes or overland travel would not be permitted.



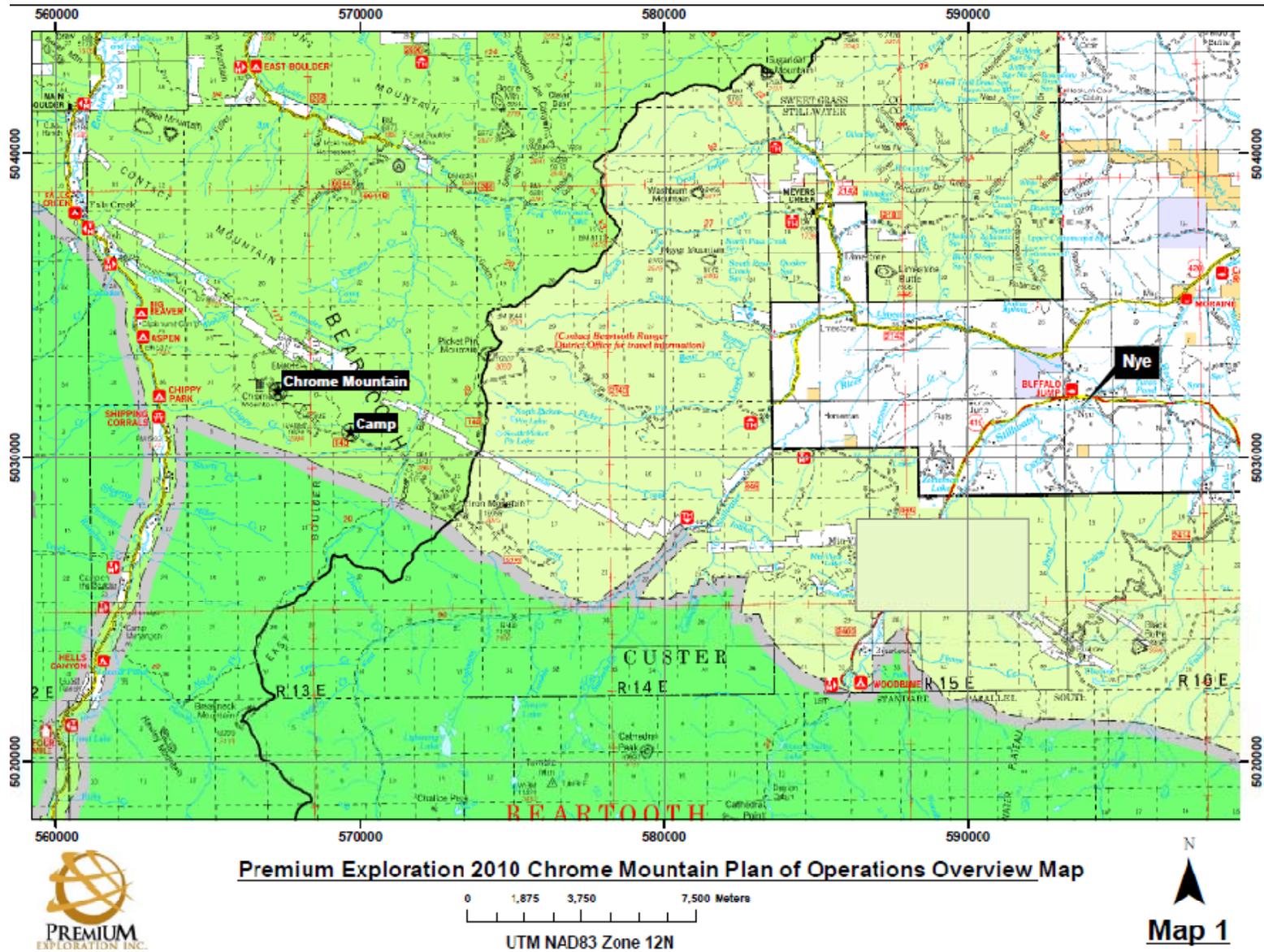


Figure 1. 2010 Chrome Mountain Gallatin 2010 project location map.

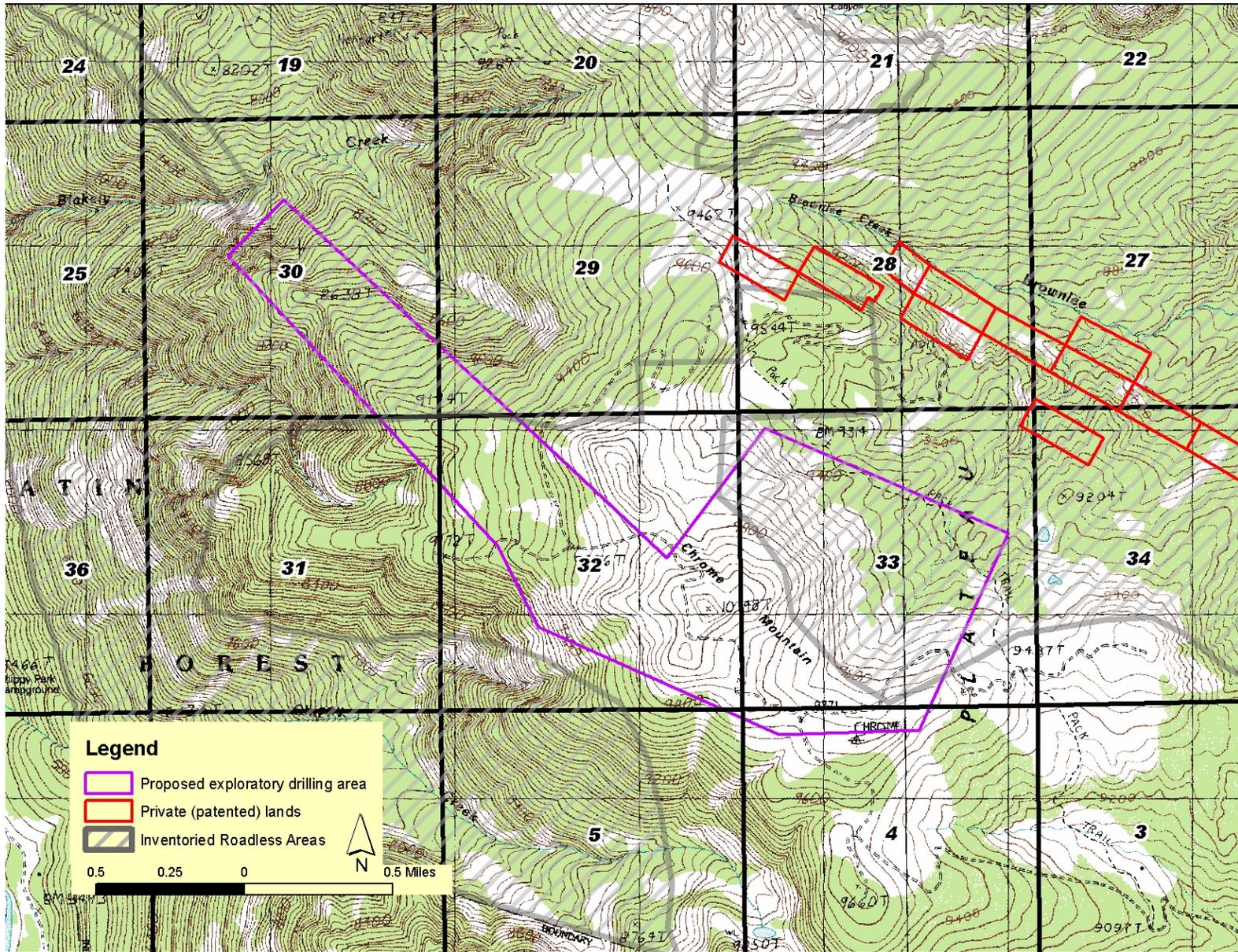


Figure 2. Chrome Mountain Gallatin 2010 exploratory drilling area.

The majority of the sites are accessible by ground-based travel, while others may be accessible only via helicopter. With respect to sites that require helicopter support, Premium is proposing that the general location of the last road-accessible site be used to move equipment and personnel via helicopter. Any tree clearing or ground leveling needed for heli-spots would be pre-approved by the USFS representative.

Premium's proposal includes setting up a camp using portable trailers and tents in a large meadow near Whitaker Cabin (Figure 1). Implementation of this exploration proposal would require approximately 15 people living and working in the area through October 2010. Bear-resistant food storage and various sanitation and environmental protection measures would be required at the camp.

### Exploratory Drilling

Due to the short length of the field season, Premium anticipates utilizing up to 2 drills for the 2010 field season. The drills would be small core rigs mounted on tracks, on a trailer, modular to be carried by a specialized rubber tracked mobile unit, or modular heli-transportable drill rig. The drills have self leveling legs or blocks which would minimize the need for site leveling. In the unlikely event that site leveling is required the topsoil would be stockpiled separate from the mineral soil and utilized during reclamation.

The drill sites are would be approximately 30 x 50 feet and include the setup location for the drill and an infiltration gallery for recirculation of drill water and disposal of cuttings. The intent of the site preparation and access procedures utilized is to minimize surface disturbance and facilitate timely reclamation of the sites. Actual drill site locations and layout would be determined by local geology, adjacent surface resource values, surface morphology, and on the ground review by the Forest Service. Mitigation measures and requirements in the Plan of Operations would be utilized to select drill sites, overland travel routes, and support facilities, such as laydown areas and helipads in a manner that minimizes impacts to the environment and forest surface resources. On-site review and pre-approval would be conducted by the Forest Service Representative to ensure ground disturbance, such as site-leveling and tree-felling, is minimized and sensitive areas, such as wetlands and riparian habitat, are avoided. Drill sites and other areas with ground disturbance would be located a minimum of 300 feet from all perennial streams and 200 feet from ponds, lakes, reservoirs, and wetlands. Any exceptions to these distances (increases or decreases) would be applied based upon site-specific approval by the Forest Service. Based on site-specific determination for sediment delivery potential to aquatic habitats in the event of an intense precipitation event or infiltration gallery failure, the Forest Service may also require Premium to install silt/drift fences, noxious-weed free straw wattles, water bars, and/or slash-filters immediately down-slope of cleared drill sites, infiltration galleries, and on access routes utilized.

Drilling would require water to cool the bit face and flush drill cuttings from the hole. To reduce consumption, the water would be collected in the infiltration gallery for recirculation. The water to charge the hole initially would come from local sources such as springs, seeps and creeks, which will be examined in the field and pre-approved by the USFS representative. Premium Exploration has 3 water rights in the project area which are 100gpm per water rights.

## Reclamation

Best management practices would be used to keep disturbance to a minimum required for the safe and successful completion of the project. Reclamation of the sites would be initiated on a site by site basis upon completion of drilling and/or use of the site. Re-vegetation and reclamation would be completed at drill-sites, water pumping sites, campsites, roads, trails and other areas disturbed by exploration and exploration associated activities. Any excavated topsoil and organic matter would be stockpiled separate from the mineral soil and utilized for site reclamation. As required by the State of Montana, drill hole collar pipe or casing would be removed or cut off below ground level and drill holes would be plugged. Sumps would be buried and reclaimed per USFS and Montana DEQ requirements. Other specific reclamation measures would depend on site conditions, but could include loosening compacted areas, re-contouring, installing waterbars, distribution of woody debris and organic matter, revegetation, monitoring, and noxious weed treatment.

After demobilization of the drill contractor and cleanup of drill sites, all water bars would be repaired on the access roads and ditches and culvert inlets/outlets would be cleaned commensurate with use on each particular route. Access routes that utilize closed roads or overland travel would be blocked and/or obscured so as to not encourage future motorized use by the public.

Reclamation at all proposed drill sites would commence as soon as soon as possible. In the event that weather or snowfall precludes complete reclamation, Premium would fill in sumps and complete necessary interim reclamation on these sites to address any potential spring runoff/erosion issues. Final reclamation would then be completed in summer 2011. Reclaimed areas would be annually monitored by Premium in conjunction with the USFS and the State of Montana Department of Environmental Quality for 3 subsequent growing seasons for successful re-establishment of native vegetation.

## **Regulatory framework**

Laws governing activities on National Forest System lands provide Premium Exploration, Inc. a statutory right to conduct locatable mineral exploration, provided activities are reasonably incident to mining and comply with other Federal laws and regulations (1872 Mining Law, 1897 Organic Act, 1955 Mining Law, and case law). Federal regulations direct the Forest Service to regulate such activities for the purpose of minimizing adverse environmental effects to surface resources (36 Code of Federal Regulations (CFR) 228A).

Gallatin National Forest Land and Resource Management Plan (*Gallatin Forest Plan*) Forest-wide goals include “Provide for orderly and environmentally acceptable exploration and development of minerals, oil and gas, and geothermal resources” (pg II-1, *Gallatin Forest Plan*). Forestwide standards for locatable minerals (pg. II-24, *Gallatin Forest Plan*), which include:

1. Existing and future rights to prospect, develop, and mine on National Forest lands open to mineral entry will be recognized.

2. All claimants will be required to submit a Notice of Intent before conducting exploration activities. An operating plan which meets State and federal standards may be required.
3. The type of access approved in a plan of operations under 36 CFR 228 will be consistent with the stage of exploration of development and will be in accordance with management area goals.

Though not repeated here, there are numerous other applicable forest-wide goals, objectives, and management area standards, including protection of air, cultural resources, fish, recreation opportunities, soils, visual resources, water, and wildlife (*Gallatin Forest Plan* pages II-I to III-71).

The National Environmental Policy Act (NEPA) and Forest Service NEPA regulations (36 CFR 220.6) specify that routine proposed actions within specific categories, including short-term (1 year or less) mineral investigations, may be addressed through an environmental analysis referred to as a categorical exclusion. If it is determined that the degree of potential effect of approving this Plan of Operations would result in the existence of extraordinary circumstances, further environmental analysis and documentation may be warranted.

**Preliminary Issue Identification and Resolution**

This area has had several small scale exploratory drilling operations occur over the past thirty years, and there have either been no or only very limited short term environmental effects from these operations. Several of these drill sites have been previously analyzed and approved several times over the past decade for drilling that did not occur. Based on prior analysis, experience, monitoring of similar operations, and preliminary potential issues identified by the Forest Service, several potential mitigations and design features are included in Premium’s Plan of Operations (Table 1).

**Table 1. Preliminary Issues and resolutions.**

Potential Issues	Potential Issue Resolution
Effects to water quality and fisheries.	<ul style="list-style-type: none"> <li>• No drilling in streams or wetlands.</li> <li>• No discharge to surface water.</li> <li>• Fuel and equipment storage standards.</li> <li>• Spill containment and reporting plan.</li> <li>• Site reclamation and monitoring.</li> <li>• No helicopter fueling and maintenance on National Forest lands.</li> <li>• Disinfect all water pumping equipment that will contact surface water bodies to prevent spread of Aquatic Nuisance Species.</li> </ul>
Effects to wildlife and sensitive plants.	<ul style="list-style-type: none"> <li>• Conduct helicopter flights along ridge tops and avoid stream bottoms.</li> <li>• Require designated helicopter flight routes to mitigate wildlife concerns.</li> </ul>

Potential Issues	Potential Issue Resolution
	<ul style="list-style-type: none"> <li>• Comply with Grizzly Bear Food Storage Order during all operations.</li> <li>• Protect large diameter whitebark pine from equipment impacts.</li> <li>• Avoid impacts to wetland and moist meadow areas and other potential rare and sensitive plant habitat.</li> </ul>
Effects to archaeological resources.	<ul style="list-style-type: none"> <li>• Drilling areas have been previously surveyed and inventoried. Avoid known archeological resources during operations.</li> </ul>
Noxious weed spread.	<ul style="list-style-type: none"> <li>• Wash and inspect all equipment for noxious weed seed.</li> <li>• Minimize site disturbance.</li> <li>• Site reclamation and post-reclamation monitoring, with appropriate follow-up treatment of any noxious weeds.</li> </ul>
Effects to recreational users.	<ul style="list-style-type: none"> <li>• No helicopter landings in or low elevation flight over the Absaroka-Beartooth Wilderness Area.</li> <li>• Minimize tree felling in the North Absaroka Inventoried Roadless Area.</li> <li>• Block and reclaim overland travel routes utilized by exploration equipment or vehicles to prevent future vehicle use.</li> </ul>

### **Opportunities for Public Input**

This letter formally initiates the scoping and comment period for the environmental analysis (i.e. NEPA) process for Premium’s Chrome Mountain Gallatin 2010 Plan of Operations. This request for comment and input is an attempt to collaboratively involve the public and other agencies in identifying concerns and issues associated with approving or requiring modifications to this Plan of Operations.

The Forest Service is interested in issues or concerns you may have with Premium’s proposed Plan of Operations. Comments should display points of dispute or debate relevant to this Plan of Operations. Comments received, including the names and addresses of those who comment, will be considered part of the public record and be available for public inspection.

Please contact us if you would like to continue to receive information about this and other minerals projects on the Yellowstone Ranger District. For further information, to remain on the project mailing list, or to provide comment, please contact:

Dan Seifert  
 Beartooth Ranger District  
 6811 Highway 212  
 Red Lodge, MT, 59068

Phone: (406) 446-2103

E-mail: [comments-northern-custer-beartooth@fs.fed.us](mailto:comments-northern-custer-beartooth@fs.fed.us)

Please provide comment and/or input addressing this proposed Plan of Operations by August 2, 2010.

Sincerely,

*/s/ Ron J. Archuleta*

RON J. ARCHULETA  
Yellowstone District Ranger

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