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Dear Forest User:

This letter is to provide an update regarding Stillwater Mining Company's February 2012 Blitz Ridge - 2012 Surface Exploration Drilling Plan of Operations for Mineral Exploration (referred to hereafter as Plan of Operations). You are being contacted because you previously provided comment or expressed interest in this Plan of Operations and related projects.

At a March 21, 2012 public meeting in Nye, the Forest Service indicated that this Plan of Operations would likely be approved in May 2012 and implemented from June to October 2012. These dates have changed due to a recent judicial ruling (*Sequoia ForestKeeper v. Tidwell*). In that ruling, the U.S. District Court, Eastern District of California found that Forest Service regulations exempting project decisions from notice, comment, and appeal when categorically excluded from further analysis under the National Environmental Policy Act are in violation of the Appeals Reform Act and enjoined the FS from following these regulations. March 29, 2012 direction from the Chief of the Forest Service states that the Forest Service will offer notice, comment and administrative appeal opportunities for categorically excluded decisions as provided for in the District Court's Order. Due to these requirements, this Plan of Operations would likely be approved in July 2012 if no appeals are received or September 2012 if appeals are received. Implementation would occur thereafter. Forest Service notice, comment and appeal regulations (Title 36 Code of Federal Regulations (CFR) 215) are posted on the Internet at: http://ecfr.gpoaccess.gov/cgi/t/text/text-idx?c=ecfr&tpl=/ecfrbrowse/Title36/36cfr215_main_02.tpl.

Project Description

The USDA Forest Service, Custer National Forest, Beartooth Ranger District is seeking public comment on Stillwater Mining Company's Plan of Operations. The Forest Service is proposing to authorize this mineral exploration on National Forest System lands in the Benbow area of the Beartooth Mountains. The legal description for proposed exploratory drill sites is T5S, R16E, Sections 19, 20, 29, 30 and T5S, R15E, Section 24, PMM. The purpose for action is Stillwater Mining Company's February 2012 Plan of Operations submission. 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. Stillwater Mining Company (SMC) has proposed to use National Forest System lands in connection with operations authorized by the United States Mining laws (30 USC 21-54) which confer a statutory right to enter public lands to search for minerals. In accordance with Title 36 CFR Part 228a, the Forest Service is required to analyze the Plan of Operations in determining the reasonableness of requirements for surface resource protection.

SMC's Plan of Operations proposes exploratory core drilling at six drill sites with up to five separate drill holes at each location. Each drill site would require use of a water drafting site in adjacent drainages. Up to two drill locations would be operated concurrently. Drill equipment would be mobilized using helicopters and existing roads. Operations would occur 24 hours per



day, 7 days a week, requiring up to 10 persons working in the area. All disturbed areas would be reclaimed upon completion of exploration work. Maximum disturbance at six proposed drillsites would total about 0.4 acres. Due to the recent judicial ruling and required appeals process, SMC has amended the Plan of Operations to allow operations for up to a one year period, with annual operations ceasing in October as weather dictates. A complete description of the proposed action is available upon request or found on the Custer National Forest website at: <http://www.fs.usda.gov/projects/custer/landmanagement/projects>.

Preliminary Environmental Information

Public input for this Plan of Operations was previously solicited through mailings, news releases, and a public meeting. Public comment and Forest Service and Montana Department of Environmental Quality (MDEQ) resource specialist input were utilized to identify specific issues with approving this Plan of Operations. Based on analysis of similar past projects and preliminary input from Forest Service and MDEQ resource specialists specific to this Plan of Operations, no significant effects or extraordinary circumstances are anticipated as a result of approving this Plan of Operations. Preliminary issues and preliminary responses or analysis results are listed in Table 1. Based on past analysis and preliminary analysis presented in Table 1, approval of SMC’s exploratory drilling would comply with the *Custer Forest Plan*. Exploration is proposed in *Forest Plan* Management Areas E, which has the goal to facilitate and encourage the exploration, development, and production of energy and mineral resources from National Forest System lands (*Custer Forest Plan* page 58). It is important to note that information in Table 1 is preliminary and could change dependent upon analysis findings by resource specialists and the deciding official.

Table 1. Preliminary issues and preliminary response or analysis results.

Preliminary issue	Preliminary response or preliminary analysis results
1. Effects to dispersed recreation and hunting.	Preliminary analysis indicates presence of and noise from Plan of Operations implementation would potentially displace users or deter recreational use and hunting in the immediate area when exploration and reclamation are occurring. Noise and equipment presence could displace big game to other areas and temporarily detract from locally available hunting opportunities. Short-term traffic control (i.e. presence of flaggers or short delays) could be required during times when helicopters are moving equipment from the Benbow millsite to drill sites, when large equipment is being moved up the road, or when drill equipment is being set up and reclamation is being completed at drill site 23,0 (which is immediately adjacent to Benbow Road). Delays could temporarily inconvenience or displace recreational users and/or hunters. Direct and indirect effects would shift across the landscape as different drill sites, access routes, helispots, laydown areas, trails, and roads are utilized for exploration for different temporal durations. These effects would be short-term and insignificant impacts to the overall recreational use, values, and opportunities on the Beartooth Front and would be consistent with the <i>Forest Plan</i> (pages 13 to 14, page 58). No change to the recreation setting or travel management plan is proposed.

<p>2. Effects to aesthetics (noise, visual resources).</p>	<p>Preliminary analysis indicates that noise from helicopter traffic and occupation of drilling equipment, laydown sites, and campsites by exploration personnel and equipment would potentially be heard by users and could deter recreational use in the immediate area for those users seeking solitude while exploration and reclamation are occurring. Area residents may also hear noise from helicopter overflights, traffic on roads, and operating drilling equipment. SMC's Plan of Operations specifies that "All engines utilized in the operation will be equipped with catalytic converters, mufflers, and spark arrestors with which they were manufactured. To the extent possible, Stillwater will attempt to secure Tier II and Tier III Engines for all equipment." This would help reduce the effects from noise. To further reduce noise impacts, the Forest Service is considering adding specific helicopter flight timing and routing as required Plan of Operations mitigations.</p> <p>Direct effects to the visual resource would be caused by felling of trees and soil disturbance proposed in the Plans of Operations. While all disturbance would be reclaimed (as specified in the Plans of Operation), impacts of tree felling and soil disturbance would be visible in the foreground and mid-ground until revegetation occurs. Dependent upon site characteristics (rock, soil, available moisture), revegetation could take 3 to 10 years. This impact would be negligible and would blend with naturally bare soil and rock throughout the project area. Indirect effects to the visual resource would be very minor and short-term, in that impacts will overall not be visible across the landscape. Disturbance caused by exploration operations would, in the context of the middle-ground, background, and landscape, due to the small and scattered distribution of disturbed areas, be subordinate on the landscape and not be evident to the casual forest visitor and would be consistent with <i>Forest Plan</i> Management Area E visual quality standards and objectives (page 58).</p>
<p>3. Concerns about future mine development methods and location.</p>	<p>Because this Plan of Operations is a mineral exploration project, not mine development or production, the discovery of a valuable mineral (warranting the expenditure of time and money) in sufficient grade and continuity to warrant mining is not reasonably foreseeable at this stage of the mineral activity. NEPA requires that environmental analysis consider "reasonably foreseeable" future actions (40 CFR 1508.7). Reasonably foreseeable future actions are defined at 36 CFR 220.3 as "[T]hose Federal or non-Federal activities not yet undertaken, for which there are existing decisions, funding, or identified proposals." Development and production of a new mine has not been proposed by SMC or other proponents and is not reasonably foreseeable at this time.</p> <p>In addition, at this early stage of SMC's exploration activities, it is not reasonably foreseeable to predict: 1) the commercial viability of a given ore body, if any; 2) a proposed ore recovery method; or 3) proposed</p>

	<p>milling or other operational facilities. Any future proposals to develop mining claims and produce minerals would be mitigated and analyzed as required by Federal mining and environmental law. Such analysis would consider cumulative effects to ensure that development and production are conducted in a legal and environmentally sound manner and that these activities are integrated with the planning and management of other National Forest resources.</p> <p>The issue whether to consider potential future mining as reasonably foreseeable was decided in <i>Cabinet Mountains Wilderness v Peterson</i>, 510 F. Supp. 1186 (4th Cir. 1981), which states: “<i>The Federal action to be decided through the Environmental Assessment is whether to approve the Plan of Operations for mineral exploration, and if so, under what terms and conditions. There has been no approval of any mining program that might ultimately be presented. If and when there is a proposal for mining, further environmental studies will be required.</i>”</p>
<p>4. Reclamation effectiveness.</p>	<p>Per 36 CFR 228.7, the Forest Service conducts administrative site visits during exploration drilling, project reclamation, and post-reclamation. Monitoring of proposed exploration activities by certified Forest Service locatable minerals administrators and MDEQ small mining program personnel is conducted to ensure compliance with the Plan of Operations and applicable Federal and State law and regulation. Examples of the type, frequency, and outcome of prior monitoring of similar past operations are on file at the Beartooth Ranger District and MDEQ’s small mining program office in Helena, MT.</p>
<p>5. Effects to wildlife and aquatic species, including Federally listed threatened or endangered species or designated critical habitat, species proposed for Federal listing or proposed critical habitat, or Forest Service sensitive species.</p>	<p>In accordance with the Endangered Species Act, Forest Service Manual 2670, and Forest Service Region 1 policy, this proposed action will be analyzed for potential effects to Threatened, Endangered, and Sensitive wildlife, aquatic, and plant species. Based on analysis of similar projects in similar areas and habitats and preliminary discussion concerning the effects of this proposal, there would not be any significant effects or extraordinary circumstances related to wildlife or aquatic species. The effects determinations for wildlife are expected to be as follows:</p> <ul style="list-style-type: none"> • For Federally listed threatened or endangered species or designated critical habitat, species proposed for Federal listing or proposed critical habitat, implementation of the proposed Federal action is not likely to adversely affect the grizzly bear, Canada lynx, and critical lynx habitat. Such effects determinations would not result in significant adverse effects or extraordinary circumstances. Per the Endangered Species Act, any requirements for informal consultation with US Fish and Wildlife Service seeking concurrence with effects determinations would be completed prior to Plan of Operations approval.

	<ul style="list-style-type: none"> • Forest Service Region 1 Sensitive Species with suitable habitat or that have been documented in the cumulative effects area include: American peregrine falcon, fringed myotis, long-eared myotis, long-legged myotis, wolverine, northern leopard frog, western (boreal) toad, bald eagle, gray wolf, bighorn sheep, Yellowstone cutthroat trout, northern leopard frog, and western boreal toad. Effects determinations would vary depending upon the species being addressed, and would likely be either “No Impact” or “May impact Individuals or habitat but will not likely contribute to a trend towards federal listing or loss of viability to the population or species.” Such effects determinations would not result in significant adverse effects or extraordinary circumstances. • Neutral effects would be likely for all <i>Forest Plan</i> Habitat Indicator Species (MIS) and Key Wildlife Species present in the exploration area. This would be consistent with the <i>Forest Plan</i> for maintaining and improving habitats for habitat indicator/management indicator species (pages 17 and 18). Such effects determinations would not result in significant adverse effects or extraordinary circumstances.
6. Effects to air quality.	<p>To ensure compliance with applicable law, SMC’s Plan of Operations specifies that “All engines utilized in the operation will be equipped with catalytic converters, mufflers, and spark arrestors with which they were manufactured. To the extent possible, Stillwater will attempt to secure Tier II and Tier III Engines for all equipment.” Implementation of similar projects over the past twenty to thirty years has resulted in no adverse effects to the Class Two airshed in the Absaroka-Beartooth Wilderness Area. Similar effects are anticipated for SMC’s Plan of Operations.</p>
7. Effects of exploration traffic to existing roads.	<p>Proposed exploration traffic on roads within the drilling area would have the direct effect of increasing overall traffic during project implementation. This could potentially create congestion on narrow stretches of Benbow Road, requiring users to travel slower or recreate elsewhere.</p> <p>Road maintenance of the Forest Service portion of Benbow road was completed in fall 2011 by the Forest Service and has improved road drainage features so as to facilitate ongoing traffic and address potential water quality concerns associated with ongoing road use. Road maintenance activities proposed in SMC’s Plan of Operations include snow plowing and construction and reclamation of one drill site (site 23,0) immediately adjacent to Benbow Road. SMC proposes ten vehicle trips per day on Benbow Road. Impacts of this traffic would be</p>

	<p>difficult to discern from existing traffic use on Benbow Road. For the level of mineral activities proposed, additional road maintenance activities are not proposed nor would they be deemed necessary.</p>
<p>8. Effects to residential property values.</p>	<p>While noise would likely be heard at nearby residences (see preliminary issue #2), it is not possible to accurately calculate the effects of short-term noise to residential property values. Short-term mineral exploration activities (i.e. 3 to 6 months) are not expected to affect residential property values due to the short duration. No effects to residential water sources or water rights and related property values are anticipated (see preliminary issues #9 and #11).</p>
<p>9. Effects to residential groundwater sources.</p>	<p>Well completion data and locations for 63 water wells and three fire protection wells have been collected from the State of Montana’s Groundwater Information System. Well locations have been plotted on a topographic and geologic map. These wells are one to two miles downslope from the proposed drilling and water withdrawal locations. Most of these water wells have openings or are screened from 10 to 500 feet deep and the majority are domestic use, with some used for irrigation and stock water. The well openings are in sediment and rock aquifers that are different than, and separate from, the rocks upslope at the proposed drill sites. The wells are in aquifers in much younger rock (Upper Cretaceous-age rock to Quaternary-age sediment) than the rock at the proposed drill sites (Archean- to Jurassic-age rock).</p> <p>During the Beartooth Uplift, when the Beartooth Mountains were formed, the deeper older rock was pushed upward and against the younger rock. As a result, rocks were faulted (broken and moved) and some were folded. The movement of water through the rock is governed by the structures created by the fault system, folding, and the permeability and porosity of the rock itself. Porosity is the pore space or openings in rock where water can reside. Permeability is a measure of how connected the pore spaces are. For example, clay has a great deal of pore space, but the pores are not well-connected, so water does not flow quickly or at high rates through clay, and it would retard water movement (aquitard). Gravel has a lot of pore space, and the pores are connected, so water flows quickly and at high rates through gravel (aquifer). Faulting and fracturing can, but do not always provide additional porosity and permeability for ground water movement. Sometimes the faulting and fracturing traps ground water or limits the direction that it can flow, which is the situation here.</p> <p>SMC’s proposed drill sites 13,0, 14,2, 18,2, 23,0, and 25,0, are located in the Stillwater Complex. The Stillwater Complex is a coarsely crystalline igneous bedrock that has very low porosity and permeability (i.e. water does not readily infiltrate into or flow through the rock). The major fault system that is under the drilling area is oriented (dips) toward the south so that the fault directs any water flow within it in</p>

away from domestic well locations. Because the Stillwater Complex is very low porosity and permeability, any fluids used during drilling that are not flushed out of the drill hole would remain trapped within the Stillwater Complex.

The proposed portal drill site is upslope of the former Benbow Millsite in sedimentary rock. These sedimentary rocks are different rocks than the aquifers used for domestic wells at the subdivisions. There are no domestic water supplies located near the proposed portal drill site. The sedimentary rocks at this drill site consist of alternating permeable and non-permeable layers. The once-horizontal sedimentary rock layers were faulted and folded during the Beartooth Uplift to a near-vertical orientation that parallels the Beartooth Mountains. As a result, the combination of the orientation of these sedimentary rock layers and the southward dipping fault system prevents connections between the permeable sedimentary rocks and the aquifers that supply ground water to the residential wells. Any fluids used during drilling that are not flushed out of the drill hole would remain in the sedimentary rock layers and would not migrate from the drill sites to domestic wells. Based on Material Safety and Data Sheets (MSDS) from drill additives used in past similar exploratory drilling projects, the substances most likely utilized would have no potential to bioaccumulate and are not toxic to fish, micororganisms, and humans. Based on available information, preliminary analysis indicates that the quality and quantity of domestic ground water sources would not be directly or indirectly affected by exploration activities.

The three fire protection wells are located on the opposite side of the Stillwater River and would not be directly or indirectly affected by exploration activities. Based on available information, preliminary analysis indicates that the quality and quantity of fire protection ground water sources would not be directly or indirectly affected by exploration activities.

There are no wells near the Benbow millsite. The Forest Service previously approved installation of a monitoring well near the millsite to collect data regarding the elevation of ground water within the near-vertical sedimentary rock layers. Under State of Montana law, SMC could utilize this well as a water source in lieu of withdrawing water from Little Rocky Creek. The ground water quality and quantity information obtained from this well would assist in providing additional data. Based on available information, the drilling of this ground water well and SMC's proposed rate of ground water withdrawal (less than 35 gpm) would not directly or indirectly affect the quality and quantity of domestic ground water sources during the proposed exploration activities.

10. Economic effects.	<p>Based on preliminary analysis, mineral exploration would create short-term jobs in the area with some secondary benefits due to purchasing of various supplies and services in support of exploration work. It is not anticipated that this short-term exploration project would have any significant effects to the local, regional, or State economy.</p> <p>No precise data exists relative to the economic effects of recreational use in the area, either by citizens or commercial outfitters, therefore it is not possible to accurately disclose the economic impacts that could potentially result from short-term displacement of such users.</p>
11. Effects to surface hydrology and water rights, including Flood Plains, Wetlands, or Municipal Watersheds.	<p>Based on prior hydrology specialist input for similar projects, the risk of affecting water quality, water quantity or physical stream characteristics from these diversions would be low. No significant ground-disturbing activities are proposed in floodplains or wetlands within the project area. No municipal watersheds exist immediately downstream from the proposed activities within the Stillwater River drainage. Therefore, no significant adverse impacts are anticipated for floodplains, wetlands, or municipal watersheds. Based on past analysis, the risk of affecting water quality, water quantity or physical stream at water drafting sites would be low and the risk of indirectly affecting water quality, water quantity or physical characteristics of area streams or their tributaries would be very low. Based on SMCs proposal, SMC may be required to get State and/or Federal water-related permits for water withdrawal or point source discharge.</p> <p>As stated in the plan of operations, “Prior to project startup, Stillwater shall secure the required water rights from the State of Montana or leases from existing water right holders for use of water on the project.” Compliance with State water rights law should ensure that only legal water withdrawal is conducted. Information from Montana Department of Natural Resources and Conservation indicates that there are no available water rights on Little Rocky or Prairie creeks. Therefore, SMC may have to find another water resource for the 25 gpm water it would use to fill the drilling water tanks, and the subsequent 5 to 10 gpm water SMC would need while drilling. The potential to use an approved monitoring well near the Benbow Millsite is discussed above (see preliminary issue #9). There are available water rights on Burnt Creek. To access surface water from Burnt Creek, SMC would have to apply for and be granted water rights on Burnt Creek. Based on available information, preliminary analysis indicates that the quality and quantity of surface water resources on Little Rocky or Prairie Creeks would not be directly or indirectly affected by surface water withdrawals during exploration activities. At the rates proposed by SMC, the quantity of surface water resources on Burnt Creek would not be adversely affected during the proposed exploration activities.</p>
12. Effects to	Site-specific cultural and heritage resource surveys were completed at

Archaeological Sites, Historic Properties or Areas, American Indian and Alaska Native religious or Cultural Sites.	areas proposed for ground-disturbing activities. One known cultural resource site is near a proposed drill location. Impacts to this site would be avoided or minimized, but working near it will likely require consultation with the Montana State Historic Preservation Officer, which would be completed prior to Plan of Operations approval.
13. Effects to sensitive plant species.	Site-specific plant surveys were completed at areas proposed for ground-disturbing activities and no sensitive species were encountered. Site-specific analysis will be completed based on these survey results and no adverse effects are anticipated. This is consistent with Forest Service Manual 2670, and Forest Service Region 1 policy.
14. Potential for noxious weed spread.	Mitigations intended to reduce noxious weed spread are included in SMC's Plan of Operations, such as requirements for washing equipment before bringing it onto the National Forest. As discussed under potential issue 4, USFS and Montana Department of Environmental Quality administration and monitoring of plan implementation and reclamation should further ensure that weed spread is mitigated. Based on past analysis, there would be a moderate risk level of likelihood and consequence of adverse effects of noxious weed spread.
15. Effects to Wilderness, Wilderness Study Areas, National Recreation Areas, Inventoried Roadless Area or Potential Wilderness Area, or Research Natural Areas.	Because no mineral exploration is proposed in or immediately adjacent to these areas, no direct effects are anticipated. Noise from helicopter traffic, vehicle traffic, and operating drill equipment may be heard from within nearby wilderness and inventoried roadless areas, which would impact recreational use, values, and opportunities by detracting from outstanding opportunities for solitude or primitive unconfined recreation in the short term. This would be consistent with the Wilderness Act and <i>Forest Plan</i> direction.

To Provide Comment or Request Additional Information

Additional public comment received during this 30 day comment period will be utilized to identify any additional issues and analysis needs. Significant issues will be addressed as required by Federal law, regulation, and policy. A complete environmental review of this Plan of Operations will be conducted and potential effects will be evaluated and disclosed as required by the National Environmental Policy Act. Such review could result in revision and changes to the preliminary responses and preliminary analysis results in Table 1. When completed, the results of analysis and environmental review will be disclosed to individuals or groups that have expressed interest in this Plan of Operations.

A legal notice initiating the 30 day comment period was published on April 9, 2012 in the Billings Gazette, which is the Custer National Forest's paper of record. Written, facsimile, hand-delivered, oral, and electronic comments will be accepted for 30 calendar days following legal notice publication, which is the exclusive means for calculating the comment period for this proposal. Only those who submit comments during the 30-day comment period will be eligible to appeal the project. If you previously commented on this proposed action and would like to be eligible to appeal the project, you will need to:

1. Submit additional comments during the 30-day Notice of Comment period;
2. Re-submit your previous comments during the 30-day Notice of Comment period; or
3. Request, during the 30-day Notice of Comment period, that your previously submitted comments be considered.

For appeal eligibility each individual or representative from each organization submitting substantive comments must either sign the comments or verify identity upon request. Comments received, including the names, addresses, e-mail addresses, and phone numbers of those who comment, will be considered part of the public record and be available for public inspection.

For additional information about this proposed action or the Forest Service comment and appeal procedures, please contact: Dan Seifert at the Beartooth Ranger District, 6807 US Highway 212 South, Red Lodge, MT, 59068; Telephone: 406-446-2103.

Sincerely,



Acting for
TRAUTE PARRIE
District Ranger

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