USDA United States Department of Agriculture | Forest Service | Black Hills National Forest Bearlodge Ranger District | 101 S 21st Street; PO Box 680 Sundance WY 82729-0680 307-283-1361

File Code: 2800/1950
Date: March 20, 2014

Dear Interested Party;

The Black Hills National Forest has received a Plan of Operations for the proposed construction and operation of a rare earth elements mine from Rare Element Resources, Inc. The mine would be located in the Black Hill National Forest in Crook County, Wyoming. Consequently, the Bearlodge Ranger District will evaluate the proposal in an environmental impact statement (EIS) in compliance with the National Environmental Policy Act (NEPA).

Public Scoping

The initial stage of the NEPA process includes public scoping to obtain comments and input regarding the project proposal and information that should be used in the analysis. As part of this scoping process, the Bearlodge Ranger District will host two public open houses to provide information on the proposed project and how the public can submit comments. Representatives from the Forest Service and Rare Element Resources will be available to answer questions. These meetings are scheduled for:

- 6:30 to 8:30 pm, April 14, 2014 in Sundance, WY at the Crook County Court House, Community Room, 309 Cleveland St.; and
- 6:30 to 8:30 pm, April 15, 2014 in Upton, WY at the Upton Community Center, 917 N Hwy 116.

What is being proposed?

The proposal is for the Forest Service to approve the Plan of Operations submitted by Rare Element Resources with additional mitigation (if needed). Design Features will be developed through the NEPA analysis to reduce impacts or modify the project to comply with laws, regulations and policies.

Why is this project proposed?

Rare Elements Resources, Inc. has a statutory right to extract locatable minerals (rare earth elements) as proposed in accordance with the General Mining Law of 1872, as amended (30 U.S.C. 21–54). The Forest Service has the responsibility to protect surface resources of National Forest System lands to the extent practicable. Forest Service mining regulations state that, ''operations shall be conducted so as, where feasible, to minimize adverse impacts on NFS surface resources (36 CFR 228.8).

The Black Hills National Forest Supervisor will decide whether the proposed action will proceed as proposed or as modified by an alternative. Also, the Forest Supervisor will decide which mitigation measures and monitoring requirements will be applied, and whether a Forest Plan Amendment is required.

Purpose and Need

Rare Element Resources, Inc. has developed and submitted a Plan of Operations for a rare earth elements mining operation to the Forest Service. The Forest Service is obligated to process, administer, and manage mining operations conducted on NFS land under the authorities of laws and regulations that confer right to go upon and use open public domain land. Forest Service regulations at 36 CFR 228 set forth rules and procedures for management of mining-related activity on NFS land to minimize adverse environmental impacts on surface resources.

Project Location

The Bear Lodge Project is located approximately 12 miles (or 6 air miles) north of Sundance, Wyoming. The mine area is approximately 1,700 acres; consisting of 1,060 acres of NFS lands and 640 acres of private lands. The project is located Townships 51 and 52 North, Ranges 63 and 64 West. The project location is shown on **Figure 1**.

Project Summary

The proposed project will contain several components. Locations of these facilities and exploration are shown on **Figure 2.** Additional details on the project Plan of Operations is available at the Forest Service website: http://www.fs.usda.gov/projects/blackhills/landmanagement/projects.

Bull Hill Mine

An open pit mine, physical upgrade (PUG) plant, and other mine facilities are located at Bull Hill on National Forest System (NFS) lands and on adjacent private lands. The proposed mine area is approximately 1,700 acres; about 1,060 acres of NFS lands and 640 acres of private lands. At Bull Hill, Rare Element Resources would construct a 232-acre open pit mine to access and remove rare earths mineral bearing ores. At the mine site, materials will be crushed, sorted, stored and shipped to the Upton, Wyoming processing facility, approximately 45 miles away. Construction of the mine facilities will remove 8.7 miles of existing NFS roads. New roads will be construction and existing roads upgraded to accommodate hauling materials from the pit to the physical upgrade plant, to storage facilities, and to Upton for further processing.

Access and Power

Miller Creek Road would provide the main access to and from the mine area (County Roads 208, 266 and 8 and Forest Service System Roads 854 and 851). This 13-mile access route would be upgraded to accommodate two-way driving traffic. The mining traffic is estimated between 13 to 17 round trips of semi-trucks of processed ore material each day during operation. This estimate does not include worker traffic or delivery supply vehicles.

A 69 kilovolt (kV) transmission line would be constructed above ground to provide electricity to the mine area. Approximately 1.5 miles of the power line would cross NFS lands, while the remainder would be on private and State of Wyoming lands.

Continued mineral exploration activities are proposed during the next 43 years while mining activities continue. Up to 2,000 drill holes are proposed over the life of the mine, with a maximum of 48 drill holes annually. Approximately 20,000 feet of trenching may be completed over the life of mine. Before each exploration season, RER will provide the Forest Service with a Work Plan identifying the drilling locations and areas of disturbance.

Mine Closure and Reclamation

The plan of operations also includes mine closure and reclamation at the end of the mine life.

Connected Action - Hydrometallurgical Plant at Upton, Wyoming

Once the ore has been physically processed at the mine, the mineral concentrate will be transported to private land in Upton for final chemical processing and recovery of the rare earth elements.

National Historic Preservation Act

The Black Hills National Forest is inviting public comment at this time pursuant to the National Historic Preservation Act (NHPA) regarding potential effects the proposed action may have on historic properties. An historic properties effects analysis will be completed for this project as per the NHPA implementing regulations found at 36 CFR part 800. Any individuals or parties that wish to provide comments or input that would help the federal government make more informed decisions regarding historic properties are invited to do so.

Commenting

It is important that reviewers provide their comments at such times and in such manner that they are useful to the agency's preparation of the environmental impact statement. Therefore, comments should be provided prior to the close of the comment period and should clearly articulate the reviewer's concerns and contentions.

Comments should be submitted in writing by April 30, 2014. Comments should be submitted to:

Bear Lodge Project EIS
C/O Jeanette Timm, Project Coordinator
Bearlodge Ranger District
PO Box 680
Sundance, WY 82729-0680

Or written comments may left at one of the public meetings or emailed to comments-rocky-mountain-black-hills-bearlodge@fs.fed.us, or via facsimile to 307-283-3727.

Comments received in response to this solicitation, including names and addresses of those who comment, will become part of the public record for this proposed action. Comments submitted anonymously will be accepted and considered; however, anonymous comments will not provide the Agency with the ability to provide the respondent with subsequent environmental documents.

NEPA Process

The Black Hills National Forest will use information gathered during scoping to conduct an environmental analysis and report the outcome in a draft EIS, which will be made available for public review. Public comments on the draft EIS will be addressed in a final EIS. At that time, a draft Record of Decision will be made available and an objection period initiated. Once objections are addressed, the Forest Supervisor will issue a final Record of Decision. The anticipated date for the publication of the draft EIS is early 2015. The final EIS is expected in summer 2015.

Further Information

Jeanette Timm, the Project Coordinator may be contacted for additional information, either at the Bearlodge Ranger District office, or by calling 307-283-1361.

Please take this opportunity to participate in the project planning for the Bear Lodge Project. I look forward to hearing from you, and seeing you at one of the public open houses.

Sincerely,

STEVEN J. KOZEL
District Ranger

Enclosures:

Figure 1 Bear Lodge Project Location
Figure 2 Bull Hill Mine Facilities
Project Description