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October 1, 2020

Linda Jackson, Payette Forest Supervisor  
Stibnite Gold Project  
500 N. Mission Street, Building 2, McCall, Idaho 83638

**RE: Comments on the Stibnite Gold Project Draft Environmental Statement**

I appreciate the opportunity to provide comment on the Stibnite Gold Project (SGP) draft environmental impact statement (DEIS). I would like to compliment the Forest Service on the quality and depth of the evaluation. I understand from the public record that the Agencies had input on the selection of independent experts used by the Forest Service in the assessment of SGP and a common confidence exists between the Agencies and SGP in the science and analysis supporting the DEIS.

For your information, I have a connection to SGP. I lived in northern Idaho as a young boy and again when I was in college. I continue to be an avid outdoorsman like most people in rural mountain/mining towns throughout the Rocky Mountains, including Valley and Adams Counties. My graduate and post graduate education were at the Colorado School of Mines in mineral economics with a minor field of study in environmental policy, my special interest being the regulatory issues distracting from the redevelopment and proper reclamation of abandoned mine sites by the private sector<sup>1</sup>. Since then, I have been a mining industry executive and have been involved in the development or redevelopment of 25 modern mining operations around the world, including Idaho. My principal expertise has been in commercial resource project finance where environmental conditions, compliance and management are as important due diligence areas as any other fundamental element of a bankable and successful project. SGP is a very good example of an opportunity to address environmental degradation associated with historic mining/processing though development of a modern, major mining operation, Alternative 2 in the DEIS.

SGP will have numerous potential impacts on the environment as well described and assessed in the DEIS<sup>2</sup>. Those very impacts are also the basis for further mitigation and management as represented in SGP's modified Plan of Restoration and Operations (ModPRO) and detailed in Appendix D of the DEIS<sup>3</sup>. Alternative 2 reflects the ModPRO as SGP's best plan based on operational optimizations, community feedback and reduced environmental impact. In support of Alternative 2, I offer the following comments on the process/document as well as benefits beyond the environmental assessment of the DEIS.

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<sup>1</sup> Winters, R., Marshall, L., 1991 Where's the Recovery in RCRA: the re-mining of non-coal abandoned mine sites. Proceedings, 12<sup>th</sup> Annual Meeting of National Association of Abandoned Mine Land Programs, 9-10 Sept.

<sup>2</sup> see DEIS Table 2.9-1 Summary and Comparison of the Potential Environmental Impacts Associated with the Significant Issues by Alternative.

<sup>3</sup> Stibnite Gold Project DEIS, Appendix D, Mitigation Measures

## **No Action Alternative Description, DEIS Alternative 5**

Consideration of a no action alternative is a requirement of the NEPA process. In the case of SGP, no action as described in Alternative 5 of the DEIS would mean no development activity and only limited surface exploration based on existing authorizations. In the case of SGP, section 2.7 Alternative 5 – No Action of the DEIS provides an incomplete picture of the implications of taking no action. Much of the SGP site is characterized by disturbance and environmental degradation associated with historical mining and processing of specialty metals, principally tungsten and antimony, needed during wartime in the 1940s and 1950s and prior to modern environmental regulation. This activity altered streams, eliminated spawning grounds, left significant volumes of mill tailings and waste rock, and created conditions that would lead to further deterioration over time. A significant man-made structure, the Yellow Pine open pit, altered streams and eliminated access to spawning grounds but also acted as sump for sediments and heavy materials eroded above the structure to settle with some benefit to water flowing out of the pit and downstream. Limited reclamation activity has occurred over the years and, in 2012, an agreement was reached between the Government, private parties and settling federal agencies regarding those liabilities. Importantly, the Government agreed to take no further action against the settling federal agencies<sup>4</sup>. As such, there are currently no primary responsible parties for the past environmental degradation that has not been reclaimed, which is most of the affected site.

At the same time, the Yellow Pine open pit is nearing capacity as a surge/settling feature. In the not too distant future, it will fail to act as the settling pond it has been for the past many decades and the water quality downstream will suffer further. Another, even small-scale, catastrophic erosion/sedimentation event upstream could flood the pit and send a torrent further downstream. In the absence of a funded public remediation plan, Alternative 5 – No Action, will very likely result in reduced water quality with an increasing risk of a meaningfully detrimental event. Alternative 5 should adequately describe the deteriorating environmental conditions of the site, the lack of any responsible party to effect mitigation and the consequence of no action on the expected future environmental conditions of the site and potential negative impacts downstream. At the SGP site there is much more at risk than just approval of the project and Alternative 5 should be described with the same vigor as the development alternatives. In the DEIS, environmental conditions are described as fixed in the no action alternative when no rational person familiar with the SGP site would anticipate anything but further degradation over time based on history and current conditions. The information exists in the DEIS to describe properly that no action will likely lead to further degradation and that time is an enemy of the water quality of the East Fork of the South Fork of the Salmon River under Alternative 5.

A final comment on process is the uneven treatment of potential environmental impacts and potential environmental benefits of SGP. As referenced above, the potential environmental impacts of all the alternatives, including Alternative 2, are appropriate and complete. Less clear are the potential benefits of a successful project as described in the SGP ModPRO. Though the long list of potential environmental impacts are relevant, successful operations and restoration would address the legacy of past environmental degradation and leave the site a productive, restored spawning grounds with continuing,

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<sup>4</sup> United States of America v Bradley Mining Company et.al., Consent Decree, Case No. 3:08-CV-03968 TEH. Settling federal agencies were the Dept of Agriculture, Dept of Defense, Dept of the Interior, EPA and GSA. The settlement amount totaled \$7.2 million and was the apparent extent of future funding available for any required remediation.

funded monitoring and management. Financial assurance will be required, has been planned for by SGP and significantly reduces future environmental remediation that would otherwise be the responsibility of State and Federal agencies.

### Socioeconomic Benefits and Impacts

I was pleased to see the USFS had reviewed and approved the evaluation of the economic impacts of the SGP<sup>5</sup>. It is important that potential environmental impacts (and benefits) be considered in light of the economic benefits the SGP would be expected to generate should Alternative 2 be approved. To be certain, SGP will represent the largest direct investment in Valley and Adams Counties (defined as the Local area for the purpose of the study) in recent history and a major direct investment for the State of Idaho. With approval of Alternative 2, SGP would invest over \$1.1 billion to achieve production in accordance with the ModPRO. The planned project life is 20 years and the jobs created are of the highest quality, with SGP wages expected to be 80% higher than the average wage in Valley and Adams counties<sup>6</sup>. The positive impact of this major investment on jobs and annual incomes for the Local area, State of Idaho and the United States is summarized in the table below and clearly illustrate the multiplier effect of responsible mineral development<sup>7</sup>. The total average income generated and supported by SGP over the current 20-year project life is \$448 million for the Local area, \$1.21 billion for the State of Idaho and \$3.25 billion for the United States.

<b>Total SGP Jobs and Income (Direct, Indirect and Induced) Supported on Average by Phase, millions \$</b>									
	<u>Construction 3 years</u>		<u>Operations 12 years</u>		<u>Reclamation 1 year</u>		<u>Monitoring 4 years</u>		
Local	500	\$ 28.8	470	\$ 29.3	130	\$ 5.0	30	\$ 1.3	
Idaho	1,320	\$ 82.1	590	\$ 42.3	60	\$ 2.8	30	\$ 0.8	
U.S.A.	2,870	\$ 215.5	1,630	\$ 114.8	140	\$ 8.6	30	\$ 2.5	
<b>Total</b>	<b>4,690</b>	<b>\$ 326.4</b>	<b>2,690</b>	<b>\$ 186.4</b>	<b>330</b>	<b>\$ 16.4</b>	<b>90</b>	<b>\$ 4.6</b>	

The following table summarizes the public sector revenues that would be generated by SGP and its vendors payment of all forms of local, state and federal taxes<sup>8</sup>. State and Local government is forecast to receive in excess of \$150 million and the Federal government in excess of \$800 million over the current 20-year project life.

<b>Total Projected Average Annual Local, State and Federal Taxes Generated and Supported by SGP by Phase, millions \$</b>					
	<u>Construction</u>		<u>Operations</u>		<u>Recl/Monitoring</u>
State & Local	\$	9.3	\$	10.1	\$ 0.4
Federal	\$	61.5	\$	51.6	\$ 1.1
<b>Total Annual Taxes</b>	<b>\$</b>	<b>70.8</b>	<b>\$</b>	<b>61.7</b>	<b>\$ 1.5</b>

SGP will be a major investment for the Local area and the economic impact analysis rightly placed an emphasis on SGP worker residency, Local area labor force and Local area housing. Though 470 jobs are expected (7% of the Local labor force) the conclusion of the analysis was for limited impact on either

<sup>5</sup> "Economic Impact Analysis of the Stibnite Gold Project", Highland Economics, LLC, April 17, 2018, pg.1.

<sup>6</sup> Ibid. pg. 57.

<sup>7</sup> Ibid. Information from Figures 4-1, 4-2 and 4-3, pg. 52-53.

<sup>8</sup> Ibid. Information from Table 5-1, pg. 88.

housing or population in Valley and Adams counties given the 2-week rotation, which would spread impacts over a broader area<sup>9</sup>. Planned labor accommodation on site and appropriate scheduling is expected to reduce the need for housing to 170 workers, which is seen as an addition the Local area can readily absorb.

A +\$1 billion investment generating total incomes of \$4.9 billion, accomplishing the reclamation of the SGP site with financial assurance, opening 25 miles of permanent stream access, enhancing or restoring 12 miles of perennial streams and making available 6 miles of re-established spawning grounds above the Yellow Pine pit would seem a fantastic outcome for a currently environmentally degraded area that has growing risk of serious future environmental issues. A decision maker could stop there. However, SPG sees community outreach and inclusion as an ongoing effort to manage as beneficial an operation as possible for the Local community, of which it is a part. SGP's community relations outreach is a professional, best practice effort that all stakeholders should value as SGP does stakeholder views. I would invite you to review Midas Gold's and Midas Gold Idaho's websites and evaluate SGP's efforts to be a desirable member of the Local community and commitment to sustainability.

### **Serving the National Interest**

Antimony is a critical mineral to the United States<sup>10</sup>. Currently, there is no U.S. mine production and the only known antimony reserve in the U.S. is the SGP<sup>11</sup>. Indeed, the Stibnite District produced an estimated 90% of U.S. antimony needs during WWII and the Korean War as geopolitics prevented antimony supply from China. Most of the environmental degradation associated with the SGP site occurred during these times, when the national interest demanded production of tungsten and antimony without the environmental regulation and sustainability focus that exists today. Currently, China accounts for approximately 2/3rds of U.S. supply<sup>12</sup>. If Alternative 2 is approved, SGP would produce an average of approximately 3,800 tonnes of antimony annually, approximately 40% of U.S. annual consumption<sup>13</sup>.

The development and operation of the SGP in accordance with the ModPRO would clearly serve the national interest through the production of a designated critical mineral in an environmentally responsible manner, effecting the clean-up of past degradation while providing financial assurance for an engineered and approved remediation and reclamation effort. The Agencies involved must take into account national interests served by the development of SGP given the designation of antimony as a critical mineral to the United States.

### **Ensuring the Veracity of the NEPA Process**

I again compliment the USFS as lead Agency for overseeing the NEPA process in generating a quality, comprehensive DEIS for the SGP. From my review of the various supporting studies I am pleased to see

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<sup>9</sup> Ibid. pg. 8. The study noted that the community nearest the SGP has recently seen a reduction in population and that SGP could offset population decline, reducing population-related impacts in the Local area.

<sup>10</sup> A Federal Strategy to Ensure Secure and Reliable Supplies of Critical Minerals (82 FR 60835), List of 35 Critical Minerals (83 FR 23295)

<sup>11</sup> U.S. reserves total 60,000 tonnes all associated with the SGP. U.S. Geologic Survey, Mineral Commodity Summaries, Antimony, February 2019.

<sup>12</sup> In 2016 China accounted for 62% of antimony metal and 70% of antimony oxide used in U.S. production. U.S. Geological Survey Minerals Yearbook – 2016, antimony.

<sup>13</sup> 2014 Midas Gold Prefeasibility Study and U.S. Geologic Survey Minerals Yearbook – 2016, antimony. In 2016 U.S. antimony consumption was 9,070 tonnes.

the USFS reviewed and provided input on the selection of the independent evaluators that completed the studies. At this point, there should be common ground on the science, methods, independent evaluators and study results behind the DEIS.

Unfortunately, while all this work has been completed in a concerted effort between SGP and the Federal and State Agencies involved, it is often at this advanced stage in the NEPA process that legal challenges to these efforts are lodged. Federal law such as the Equal Access to Justice Act can be used by prevailing parties under the Act to sue the Federal Government and with the prevailing parties' attorney's fees paid by the Federal Government<sup>14</sup>.

Governments do not have the same investment return method or metrics as private sponsors. The time value of money is at the heart of private investment and project delay is the bane of returns. SGP's sponsors, Midas Gold Idaho and Midas Gold, have already invested over \$180 million evaluating, exploring and remediating at SGP over the last decade. Their commitment to SGP as reflected in Alternative 2 is clear. With respect to Alternatives 3 and 4, not only is there increased operational technical risk and greater environmental impact and disturbance, but Alternatives 3 and 4 would delay the commencement of commercial production by two full years. Combining a meaningful negative impact to investment returns in addition to lesser environmental outcomes and higher risk, Alternatives 3 and 4 are clearly inferior to Alternative 2.

The USFS and other Agencies commitment to the process is also clear given the direct involvement in the review and selection of independent evaluators that provided the background analysis and studies supporting the SGP DEIS. Should a lawsuit arise, the USFS and other Agencies cannot be expected to substitute for the courts<sup>15</sup>. However, the USFS as lead agency, should rigorously defend the science, analysis and study that has resulted in the DEIS. Should the DEIS be approved and the process move to a conclusion, the USFS should rigorously defend the decision (as "substantially justified" in the case of the Equal Access to Justice Act). This is near the time in the NEPA process when challenges are lodged and I hope the USFS will act with urgency should SGP be challenged despite satisfactory performance of Midas Gold Idaho and Midas Gold at this advanced DEIS stage of the process. As the Agencies may bear the burden of proof in such matters, I hope some effort is being made to prepare for a timely defense if not engaging detractors in attempt to preclude spurious challenge in the first place.

### **Final Thoughts**

The SGP area is largely on federal lands and will ultimately be the responsibility of the U.S. when conditions further deteriorate in the case of no action in respect of SGP. SGP offers an opportunity to solve the problems of the past through development of a modern, major mining operation. How this will be achieved is presented in the ModPRO and financial assurance will be required in the event SGP fails, allowing for the restoration element of the ModPro to be completed.

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<sup>14</sup> 5 U.S.C §504, 28 U.S.C §2412. Parties, individuals and organizations with net worth less than \$2 million and \$7 million, respectively, are included. With the possibility for payment of attorney's fees, there is little disincentive for a distracting party's attorney not to file a suit against a Federal action. Spurious legal challenge can result.

<sup>15</sup> Consider the current law suit by the Nez Pierce. It seems to focus on water quality issues associated with degradation from prior mining and processing as a liability of Midas Gold though Midas can operate only with authorization of the USFS and other agencies and though the same issues are those SGP seeks to mitigate, remediate and restore.

I would argue, based on the review of extensive information available on the SGP, that the potential for environmental improvement at SGP under Alternative 2, after taking into account the proposed mitigations detailed in Appendix D of the DEIS, is greater than identified potential environmental impacts of Alternative 2 as described in the DEIS. I would suggest that, given an approved ModPro and required financial assurance, Alternative 2 is with certainty superior to Alternative 5 – No Action.

It would seem to me the greatest risk for the Government is execution. I have some experience with the management of Midas Gold and I believe a review of the actions and information provided by Midas Gold Idaho should provide confidence to all objective parties that SGP is being and will be managed by a capable group of professionals that have demonstrated success in modern resource development. Required financial assurance mitigates execution risk meaningfully to the benefit of existing conditions.

The economic benefits of SGP are very substantial at the Local level and, based on a review of direct foreign investment in the State of Idaho, a \$1.1 billion dollar investment is significant indeed. The multiplier effect of this investment results in an estimated total average income of \$4.9 billion over the project life. The Local area will see in modest influx of workers but is not expected to result in population or housing pressure in the face of currently declining population in parts of the Local area. Governments will receive meaningful annual and total revenues from SGP.

China is currently recognized as one of the top, if not the top, security threat to the United States and accounts for 2/3rds of U.S. antimony supply. Antimony is a designated critical mineral of the United States and SGP represents the only antimony reserve in the Country. Approval of Alternative 2 would result on the U.S. being in a position to meet 40% of its annual antimony requirements domestically. The national interest should also enter into the decision to authorize the development of SGP in accordance with the approved ModPRO.

Alternative 2 represents an optimization iteration of Alternative 1 that provides improvements in operations and infrastructure, incorporates community input and reduces environmental impact. Thus far, it appears to me that the NEPA Process has functioned well and I appreciate the opportunity to comment on this important federal action. I find the DEIS of good quality and offer my thoughts for consideration. My hope is that SGP will go forward in as timely fashion as possible and begin the process of concurrent mining and restoration so the substantial benefits to both man and environment can be realized. In the resource business, significant mineral deposits like those of SGP, with over a 100 million tons of good grade ore, are rare and can provide material benefits to the local, regional and national economies over extended periods. At SGP, modern greenfield development management and regulation imposed on a disturbed and degraded, brownfield site is expected to result in a demonstrable improvement in the environment.

Sincerely yours,

Richard A. Winters