

**Legislative Hearing by the Subcommittee on National Parks, Forests and Public
Lands of the House Natural Resources Committee on H.R. 5583: The Grand
Canyon Watersheds Protection Act of 2008**

June 5, 2008 - Washington D.C.

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The Grand Canyon Watersheds Protection Act of 2008 is unnecessary and if enacted will degrade the environment of the Grand Canyon, reduce public visitation to the area, increase America's dependence on foreign energy and negatively impact the economy of both the region and the country. The bill would withdraw 1,977 square miles of public land from all mining and exploration under the pretense of protecting 1,902 square miles in the Grand Canyon National Park that is already protected by 10,300 square miles of public land in watersheds currently withdrawn from mineral entry; all this to protect what is already a well protected park. The urgency of the introduction of this bill, together with the proposed changes to the 1872 mining law, are not driven by a desire to serve the interests of the American public, or to protect a national treasure. Rather, they reflect a desire to lock up additional land for special interest groups so they may enjoy recently acquired private properties within the proposed withdrawal areas at the expense of the American taxpayer.

The controversy over mining within the subject areas is not new, but H.R. 5583 certainly reflects the unfortunate dichotomy and uncompromising nature of the current political and philosophical opinions that have become so polarized in this country. This has not always been the case. In 1983, the same lands that are now proposed for withdrawal formed part of 40 Wilderness Study Areas ("WSA's") on the Arizona Strip. Energy Fuels Nuclear, a small uranium mining company based in Denver, Colorado, was operating three small mines and actively exploring the area with a new discovery being studied for development. Many of the discoveries were located within WSA's and administered under a "non-impairment" standard that created overwhelming burdens and expense for the identification and development of the region's demonstrated mineral potential.

In an unprecedented approach, Energy Fuels contacted various environmental groups interested in the Arizona Strip and attempted to resolve the issue of what lands should be included in the National Wilderness Preservation System and which areas should be released to multiple use. The approach, unheard of today, was through negotiation and compromise rather than through confrontation and conflict. Energy fuels began negotiations with representatives of the Sierra Club, Wilderness Society, Arizona Wildlife Federation, Audubon Society, and the National Parks & Conservation Association to arrive at a consensus concerning the Arizona Strip WSA's. The tentative agreement was then presented for approval by other mining companies, local and state cattlemen's organizations, local businesses, civic groups and local, state and federal governmental and regulatory agencies.

The common objective of all parties was the release to multiple use of those areas which possess mineral potential, or which do not possess true wilderness characteristics, while recognizing the areas which qualify for, and should be given, the status of Wilderness protection. After the necessary adjustments were made and the various parties pledged their support, the proposal was introduced into Congress as the Arizona Strip Wilderness Act of 1983 and subsequently passed into law.

The negotiation process and resulting legislation were truly an example of democracy at work. H.R. 3562, the Arizona Strip Wilderness Act of 1983, added 605 square miles to the National Wilderness Preservation System and 844 square miles of BLM and Forest Service land for release to multiple use. A copy of testimony given to United States House of Representative's Committee on Interior and Insular Affairs' Subcommittee on Public Lands and National Parks by Mr. Gerald W. Grandey on September 13, 1983, is attached as "Exhibit A". This testimony merits reading as it provides a case study of what might be accomplished when people work together to achieve common goals.

Implicit in the negotiations that led to the agreement and resulting legislation was the underlying trust and understanding by all parties concerning their respective responsibilities and obligations to make it work. Business interests and mining companies would curtail development activity on the protected lands, environmental groups would not impede legal and responsible activity on multiple use lands, and state and federal agencies would enforce regulations to ensure that no activities conflicted with appropriate use and responsible management of public lands.

The state and federal governmental and regulatory agencies have lived up to their responsibilities through the conservation of resources and proper management of public lands. Enforcing 1872 mining law that remains both effective and contemporary through implementation of the Federal Land Policy and Management Act of 1976 (FLPMA), National Environmental Policy Act (NEPA), the Endangered Species Act, and Cultural/Historic Protection and Preservation Acts and various state regulations and guidelines, the governmental and regulatory agencies have managed mining, exploration, grazing and various recreational activities on the Arizona Strip in a manner that can only be considered exemplary. Anyone that has spent time on the Arizona Strip in recent years can be proud of the work these agencies have done.

The business and mining communities have also lived up to their part of the agreement. Energy Fuels Nuclear mined 20 million pounds of uranium from seven mines and together with several other companies, explored numerous targets that define a resource that with modern exploration may one day exceed one-tenth of the total U.S. uranium reserves. Together with other multiple use activities, mining has enriched the lives of hundreds of families and provided a tax base to sustain the local communities and support the federal government. When uranium prices made operations uneconomic, there was no mess left for others to clean-up; no contamination; no open mine shafts. In fact, the reclamation of the mines and supporting infrastructure were so well done that it remains undetectable and should be used as an example of how well mining can be done under the Nation's current mining law.

The record of the environmental and anti-mining interests has been quite different. Instead of accepting the multiple use of public lands and recognizing that the Federal Land Policy and Management Act of 1976 mandates the federal management of public lands "in a manner which recognizes the Nation's need for domestic sources of minerals, food, timber, and fiber," these special interest groups have maintained a determined effort to remove public lands from multiple use. In the late summer and early fall of 2005, the Grand Canyon Trust purchased the Kane Ranch and the Two Mile Ranch that together total 1,000 square miles (640,400 acres) of private land and grazing permits in House Rock Valley and the Kanab River drainage. The Trust has effectively removed all of this land from ever contributing to the tax base of the local government and the economy of local communities.

To enhance and enlarge the effective area of their newly acquired private ranches, the Trust joined with the Center for Biological Diversity and the Sierra Club in an effort to remove their neighbors and all the land around their ranches from multiple use. Through private meetings with Coconino County Supervisors and representatives of the state and federal government, this union of special interests is now attempting to justify their land grab by an attack on the mining industry under the guise of protecting the Park by citing grossly exaggerated environmental problems of a single historical operation that ceased more than 40 years ago. This same mine was encouraged by the U.S. Government to meet an urgent need for uranium during the Cold War and commenced under regulations that predate NEPA, FLPMA and Energy Fuel's mining operations by nearly 30 years.

If this attack on the few remaining multiple use lands on the Arizona Strip is successful, the results will have a serious effect on the environment and economy of the region while achieving nothing to additionally protect to the Grand Canyon. A valuable uranium resource capable of producing clean electricity for millions of people will be sacrificed to enhance the private lands of a few special interest groups. The withdrawal will force an increasing reliance on huge coal fired plants that release massive amounts of CO₂ into the atmosphere. The Nation's increased dependence on foreign energy will contribute to rising fuel prices which will have a direct impact the local tourism industry. Many potential visitors will no longer have jobs and be able to afford the rising cost of travel to visit the Parks. The rich, unaffected by these costs, will go to the Canyon's rim only to find the view obscured by the smoke and haze of fossil fuels consumed by a nation struggling to adapt to a warming climate with a failing economy.

There are those that doubt the effects of decisions to stop mining and fear the use of nuclear power. This is understandable considering the amount of misinformation cited in newspapers and editorials by a few activists. Why should we trust industry? Perhaps we should try to inform ourselves on how the rest of the world is dealing with these very issues. We should also learn why so many of the world's scientists are encouraging the use of nuclear energy. Gwyneth Craven in a recently published book titled *Power to Save the World: The Truth About Nuclear Energy*, published by Alfred A. Knopf, a division of Random House, Inc., 2007, provides a well-researched and readable examination of nuclear energy from mining and energy production to the final storage of waste. Herself a former anti-nuclear activist, Gwyneth sums up her conclusions as follows:

“One day God could say to us: I gave you the brainiest men and women in human history to come up with an understanding of the atom and its nucleus. I gave you enough uranium and thorium to last for thousands of years. I gave you an understanding of how and when uranium releases its energy. You didn’t need to invent anything else. You had everything you needed to provide energy for yourselves and your descendants without harming the environment. What else did you want?”

No one is advocating mining in the Grand Canyon. The people involved in mining and exploration as well as those in ranching and tourism and the communities that serve them appreciate and enjoy our national parks and recreation areas as much as anyone. They wish to continue doing so. Industry has proven that the resources of the Arizona Strip can be used without harming the environment. The BLM and the U.S. Forest Service have proven that existing laws are more than sufficient to ensure that multiple use of these lands is possible while serving to protect the environment. This is truly an issue that “transcends politics”. Passage of the Grand Canyon Watersheds Protection Act of 2008 will send a clear message to the American people that the federal government doesn’t care about the price of fuel, domestic jobs or the environment at a time when very these issues are critical to the economy and future well being of our nation.

Respectfully submitted

By Eugene D. Spiering

Vice President of Exploration

Quaterra Alaska Inc.

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EXHIBIT A

Testimony of Gerald W. Grandey, Esquire
to the
United States House of Representative's
Committee on Interior and Insular Affairs' Subcommittee
on Public Lands and National Parks

September 13, 1983

Good morning. My name is Gerald W. Grandey. I am a vice president of Energy Fuels Nuclear, Inc. I appreciate the opportunity to address this subcommittee regarding H.R. 3562, the Arizona Strip Wilderness Act of 1983.

The Arizona Strip Wilderness Act of 1983 is a unique piece of legislation. It is the product of a compromise among ideologically disparate interest groups: mining companies, conservation organizations, grazers, local businesses, regulatory agencies, and local, state and national governmental entities.

Energy Fuels, along with several major conservation organizations, was instrumental in initiating the negotiations which ultimately resulted in the introduction of the Arizona Strip Wilderness Act of 1983.

Energy Fuels is a privately held, relatively small mining company headquartered in Denver, Colorado. We are currently engaged in the most active and aggressive uranium exploration and development program in the United States. For the past five (5) years our efforts have been centered

on the Arizona Strip - a six (6) million acre area in the northwestern corner of Arizona which extends north of the Grand Canyon to the Utah - Arizona state line.

Energy Fuels' commitment to exploration and development in the Arizona Strip stems from our conviction that the region holds the greatest heretofore unrecognized mineral potential in the nation. The Arizona Strip appears to be the only area in the United States which has the potential to produce high grade uranium reserves capable of competing in world markets even under today's depressed conditions. Based upon this conviction, we have secured an extensive land position in the Arizona Strip. Furthermore, we have conducted, over the past several years a very aggressive and extensive exploration program with the objective of locating, exploring, and developing the unique high grade uranium reserves which exist. To date, these efforts have resulted in numerous discoveries which are five (5) to ten (10) times richer than the average uranium ore body found elsewhere in the United States.

Currently, Energy Fuels owns and operates three (3) uranium mines, collectively known as the Hack Canyon Mines, on the Arizona Strip. A fourth mine, the Pigeon Mine, is under development and is scheduled to begin full production in 1985. These mines are among the few producing uranium mines left in the United States. It should be emphasized that these mines are relatively small underground mines by most standards occupying approximately five acres per site.

In addition to our mining activities, our exploration geologists have identified over 1,500 uranium targets (potential ore bodies which warrant further exploration). Since 1981, we have spent over \$10 million a year on our exploration activities alone. Concurrent with our aggressive exploratory effort is an equally vigorous reclamation program.

Unfortunately, many of our high grade uranium discoveries and exploration targets in the Arizona Strip are located within forty-four (44) designated Bureau of Land Management Wilderness Study Areas ("WSA's") totaling approximately 775,000 acres. Until released by Congress these areas are and will continue to be administered by the BLM under the stringent "non-impairment" standard. Under this standard our right to mine a discovered ore body is uncertain, at best. Although the issue of whether or not a commercial ore body located within a WSA can be mined has yet to be determined, it is clear that any effort to obtain such authorization will be vigorously opposed by the environmental community. It is also clear that the non-impairment standard has created overwhelming burdens and expense for the identification and development of the region's demonstrated mineral potential. Under the timetable for releasing areas set forth in statute, existing WSA's may not be released until 1991 and, if the Forest Service RARE II program is any indication it could be beyond even this

date when the region's mineral potential is once again made available to the nation.

Our desire to develop discoveries and conduct exploration within the Arizona Strip more cost effectively led us to approach various groups interested in the Arizona Strip to determine if the wilderness issues applicable to the Arizona Strip could be resolved through negotiation and compromise rather than through confrontation and conflict. Representatives of the environmental community from the Sierra Club, Wilderness Society, Arizona Wildlife Federation, Audubon Society, and the National Parks & Conservation Association were initially approached to see if there was any interest in trying to arrive at a consensus concerning the Arizona Strip WSA's. Suffice it to say that the proposition and prospects were greeted with skepticism but also with a sincere willingness to give it a chance. The first discussions were held a year ago, and after several months, numerous meetings and many hours of negotiation, we reached a tentative agreement in principal as to which areas should be included in the National Wilderness Preservation System and which areas should be released to multiple use. Our objective in these negotiations was to obtain the release to multiple use of those areas within the Arizona Strip which, based upon our extensive knowledge of the area, possess high mineral potential or *which* otherwise do not possess true wilderness characteristics. At the same time, we attempted to recognize the areas within the Arizona Strip

which qualify for and should be included within the National Wilderness Preservation System. In our view, the members of the various environmental groups that participated in the process had the same objectives. To be sure, the participants had strongly held convictions about certain areas and those convictions often times clashed. However, through the course of those early negotiations and dialogue, due to the willingness of all participants to compromise where compromise was reasonable, the tentative agreement on boundaries was possible.

After this tentative agreement was reached, the task remained of obtaining the input and approval of the other organizations, individuals and groups interested in the Arizona Strip. To this end, beginning in April of this year, an intensive series of presentations and meetings ensued with other mining companies, local and state cattlemen's organizations, local businesses, civic groups and local, state and federal governmental and regulatory agencies. We solicited their comments and support of the wilderness proposal. Three months and several meetings later, the necessary adjustments were made and the various parties pledged their support. The proposal was introduced as the Arizona Strip Wilderness Act of 1983 in both Houses of Congress on July 13, 1983, under the sponsorship of the entire Arizona delegation, the majority of the Utah delegation, Representative Seiberling of Ohio and Representative Young of Alaska.

Specifically, the Arizona Strip Wilderness Act of 1983 provides for approximately 285,000 acres of BLM lands and 102,000 acres of Forest Service lands -- for a total of approximately 387,000 acres to be added to the National Wilderness Preservation System. Additionally, it provides for the release of approximately 490,000 acres of BLM land and 50,000 acres of Forest Service land -- for a total of approximately 540,000 acres.

The benefits to be had from the passage of the Arizona Strip Wilderness Act of 1983 are clear. The wilderness question will be decided once and for all ending many years of potential controversy and debate. In the areas released to multiple use, our Company and others with active programs in the Arizona Strip will be able to conduct exploration in a cost effective and responsible manner. Discoveries that are made will be able to be developed, thereby adding to the nation's mineral wealth and reducing the dependence upon foreign imports. American taxpayers will be saved countless dollars which will otherwise have to be spent by the BLM and Forest Service on their lengthy wilderness evaluation programs. With the final disposition of the public lands clearly defined by Congress, other interested citizens will be free to utilize the land as prescribed without the current uncertainty.

The Arizona Strip Wilderness Act represents the consensus of opinion of a very broad base of constituents. We have come to grips with the complex and controversial

issues associated with the wilderness debate, and we have succeeded in satisfying the concerns of almost everyone involved. It is our hope that you, the members of the Public Lands and National Parks Subcommittee will support this coalition in our efforts.

Thank you for your attention. If you have any questions, I will be happy to respond.

Respectfully submitted, ENERGY
FUELS NUCLEAR, INC.

Gerald W. Grandey

Vice President-Legal and
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