

SAN MIGUEL COUNTY

BOARD OF COMMISSIONERS

JOAN MAY

ELAINE FISCHER

ART GOODTIMES

August 5, 2009

Montrose County Board of County Commissioners
161 S. Townsend Avenue
Montrose, CO 81401

RE: Energy Fuels Special Use Permit Application, Piñon Ridge Uranium Mill
and Radioactive Waste Disposal Facility

Dear Commissioners Ellis, Henderson and White,

Thank you for advising San Miguel County of the upcoming Public Hearing to be held by the Montrose County Board of County Commissioners on Thursday, August 13, 2009 in Nucla concerning Energy Fuels Resources Corporations (EFRC) application for a Special Use Permit for the Piñon Ridge Uranium/Vanadium Mill and providing us with an opportunity to comment on this application in accordance with our 2005 Memorandum of Understanding concerning coordinating Regional Land Use Planning. As you may know we provided our initial comments concerning ERFC's Special Use Permit application to the Montrose County Planning Commission in a letter from Joan May, Vice Chair to Steve White, dated May 18, 2009.

While this proposed facility, which includes a Uranium & Vanadium Mill and permanent radioactive disposal cells, is to be located in the Montrose County portion of the Paradox Basin, it is our considered opinion that, if approved and built, this mill and disposal facility will have significant and irrevocable impacts to San Miguel County and the region. Our primary concerns are: 1. the prevailing winds and the potential for dust storms blowing radioactive material into Norwood, Wright's Mesa, the San Miguel River Canyon and the Telluride Region, 2. the estimated use of over 75 million gallons of water per year to operate this mill with an estimated life of 40-years 3. the obligation and liability to future generations for monitoring the associated hazardous radioactive waste disposal impoundments for the next 1,000 years, and 4. the approval and construction of a uranium and vanadium ore processing mill and radioactive disposal facility will likely result in the opening of numerous uranium mines in Montrose and San Miguel County and significantly increase the amount of hazardous materials transported on roads throughout our County and the region. Based on the information received to date we remain concerned that this proposed mill, if approved will have significant adverse impacts on the environment and health of our citizens.

In reviewing Energy Fuels Resource Corporations revised Special Use Permit application we find very general statements concerning the facility, design, operation, environmental impacts and mitigation, closure and reclamation, with references to additional studies and

information that will be required as part of the Mill and Radioactive Source Material Licensing application by the Colorado Department of Public Health and Environment (CDPHE). EFRC in its application has indicated that this Mill license application to CDPHE requires an Environmental Report that will present comprehensive baseline studies and an impact analysis, detailed engineering plans for the Facility, environmental monitoring plans, health and safety procedures, emergency response and spill control plans, closure plans, and a reclamation surety estimate. EFRC has also indicated that they have been working on this Environmental Report which will include baseline data and analysis of land use, surface water, ground water, geology, seismology, cultural resources, livestock, wildlife, vegetation, soils, climate air quality, radiological background levels, socioeconomic impacts, traffic analysis, and mill closure and reclamation and that they plan to submit the Mill License to CDPHE later this year.

The San Miguel County Board of County Commissioners respectfully requests that Montrose County obtain a copy of the Environmental Report that is certified to be complete prior to acting on this Special Use Permit application. It is our considered opinion that this Environmental Report will provide a significant amount of more detailed and specific information to assist you in obtaining a clear picture of what is being proposed, determining whether or not all on and off-site impacts have or can be satisfactorily mitigated, and if this Special Use promotes the best interest of the general public's health, safety and welfare as set by either federal, state or county regulation. We believe having this CDPHE certified complete Environmental Report will provide the pertinent technical information for making a more informed decision on this Special Use Permit application.

In following the progress of EFRC's Special Use Permit application through the Montrose County land use review process we have been very concerned about what materials are being proposed by the applicant, and/or that you may authorize, to be processed and / or disposed of at this facility. It has been our understanding that, if Montrose County were to conditionally approve this Special Use Permit, Energy Fuels would be limited to processing only raw uranium ore from the Uravan Uranium Belt and that only raw uranium processed on-site may be stored in the proposed tailing cells. We are very concerned with, and would be opposed to, this Uranium Mill and Radioactive Disposal facility if it were allowed to process and or dispose of industrial hazardous waste or feedstock from other sources.

Steve White, your Planning and Development Director, has provided us with a copy of the Montrose County Planning Commission's recommended conditions of approval for EFRC's Special Use Permit application. We have reviewed condition #10, which states "Only raw (unprocessed) uranium ore and/or uranium/vanadium ore shall be processed at the Piñon Ridge Mill. No other feedstock may be processed at the mill or directly disposed of in the tailings facility as a processing waste stream. Only 11e(2) by-product material generated at the facility (as defined by the Colorado Revised Statutes) may be disposed of at the facility and no non-11e(2) materials may be disposed of at the facility." It is our understanding that this condition would limit the Piñon Ridge Mill and disposal facility to processing and disposing of only raw uranium and or uranium/vanadium ore and 11e(2) by-product materials generated at this facility. No other feedstock may be processed or disposed of at this facility. If the Montrose County BOCC elects to approve EFRC's

Special Use Permit application we respectfully request it be subject to the Planning Commission's recommended condition # 10 as provided to us by Mr. Steve White. We would also ask if the applicant, EFRC, requests or applies for an amendment to this condition in the future, San Miguel County be provided the opportunity to review and comment on the requested change prior to Montrose County approving an amendment concerning the type of materials that may be processed or disposed of at the Piñon Ridge Uranium Mill.

Thank you for providing the San Miguel County Board of County Commissioners an opportunity to comment on this Special Use Permit and share our concerns with this proposed Uranium Mill and Radioactive Waste Disposal facility.

Sincerely,



Elaine Fischer, Chair

cc: Steve White, Montrose County Planning and Development Director
at swhite@montrosecounty.net

Enclosures: Letter from Joan May, Vice Chair BOCC, dated May 18, 2009
Letter from Michael Rozycki, Planning Director, dated August 19, 2008

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SAN MIGUEL COUNTY

BOARD OF COMMISSIONERS

JOAN MAY

ELAINE FISCHER

ART GOODTIMES

May 18, 2009

Montrose County Planning Commission
C/O Steve White Planning & Development Director
317 South Second Street
Montrose, CO 81401
swhite@co.montrose.co.us

RE: Energy Fuels Special Use Permit Application, Piñon Ridge Uranium Mill
and Radioactive Waste Disposal Facility

Dear Mr. White:

Thank you for advising San Miguel County of the upcoming Public Hearing to be held by the Montrose County Planning Commission on the evening of May 19, 2009 in Nucla concerning Energy Fuels Resources Corporations (EFRC) application for a Special Use Permit for the Piñon Ridge Uranium/Vanadium Mill and providing us with an opportunity to comment on this application. We also want to thank you for sending us EFRC's revised application and Addendum to the Special Use Permit, dated April 14, 2009 together with your staff Report to the Montrose County Planning Commission. In reading through the revised application it appears that EFRC has reduced the projected uranium milling rate from 1,000 tons per day to 500 tons per day and in turn estimated the water usage and other impacts to be half of what they would have been under the original proposal sent to us last fall.

While this proposed facility, which includes a Uranium & Vanadium Mill and permanent radioactive disposal cells, is to be located in the Montrose County portion of the Paradox Basin, it is our considered opinion, that if approved and built, this mill and disposal facility will have significant and irrevocable impacts to San Miguel County and the region. Our primary concerns are: 1. the prevailing winds and the potential for dust storms blowing radioactive material into Norwood, Wright's Mesa, the San Miguel River Canyon and the Telluride Region, 2. the estimated use of over 75 million gallons of water per year to operate this mill with an estimated life of 40-years, and 3. the obligation and liability to future generations for monitoring the associated hazardous radioactive waste disposal impoundments for the next 1,000 years.

In reviewing Energy Fuels Resource Corporations revised Special Use Permit application we find very general statements concerning the facility, design, operation, environmental impacts and mitigation, closure and reclamation with references to additional studies and information that will be required as part of the Mill and Radioactive Source Material Licensing application by the Colorado Department of Public Health and Environment

(CDHPE). EFRC in its application has indicated that this Mill License application to CDHPE requires an Environmental Report that will present comprehensive baseline studies and an impact analysis, detailed engineering plans for the Facility, environmental monitoring plans, health and safety procedures, emergency response and spill control plans, closure plans, and a reclamation surety estimate. EFRC has also indicated that they have been working on this Environmental Report which will include baseline data and analysis of land use, surface water, ground water, geology, seismology, cultural resources, livestock, wildlife, vegetation, soils, climate air quality, radiological background levels, socioeconomic impacts, traffic analysis, and mill closure and reclamation and that they plan to submit the Mill License to CDHPE later this year.

The San Miguel County Board of County Commissioner's respectfully requests that Montrose County obtain a copy of the Environmental Report that is certified to be complete prior to acting on this Special Use Permit application. It is our considered opinion that this Environmental Report will provide a significant amount of more detailed and specific information to assist you in obtaining a clear picture of what is being proposed, determining whether or not all on and off-site impacts have or can be satisfactorily mitigated, and if this Special Use promotes the best interest of the general public's health, safety and welfare as set by either federal, state or county regulation. We believe having this CDHPE certified complete Environmental Report will provide the pertinent technical information for making a more informed decision on this Special Use Permit application.

The prevailing wind direction for this area is from the southwest with the proposed mill and radiation disposal cells directly upwind of Naturita, Nucla, Norwood and the Telluride Region. As you may know we have experienced several massive dust storms this winter and spring, which have dumped significant amounts of red dirt and material throughout our County. We did not find detailed or specific information in the Special Use Permit application that discussed the chemical make-up of the radioactive material of the proposed tailing cells or that analyze the potential for airborne contaminants from this 880-acre site being blown into the neighboring communities and watersheds in San Miguel County and what the associated health risks might be.

The Addendum to this Special Use Permit application estimates that the total water consumption calculated for the 500 tpd mill facility is estimated to be 144 gallons per minute. This equates to over 75 million gallons of water per year, which is a very large quantity of water. The SUP application states that the primary water supply for the facility is proposed to be from a series of deep wells located onsite and adjacent lands. The submitted materials state that Energy Fuels has also secured a contingency water supply from the Town of Naturita in the event that the identified well field cannot sustain the entire 144 gpm water supply required for full production. It is our understanding that EFRD is still in the process of evaluating the water supply aquifers for long-term productivity and potential depletion. It is also our understanding that the agreement with the Town of Naturita that allows for purchase of water is for 15 years not the entire 40-year projected life span of this mill facility. The Planning and Development Director's staff brief includes a recommended condition, subsequent to the approval, that prior to operation of the mill a report needs to be submitted which provides information regarding the proposed water sources to be used for milling operations. Again we believe that EFRC

should be required to demonstrate, prior to County approval, that they will have the ability to provide an adequate legal and physical water supply to serve this Uranium Mill facility that will not adversely affect the quantity and quality of water to residents and agricultural lands in the Paradox Valley and the Dolores River watershed.

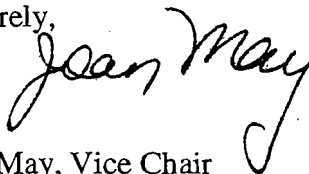
The Energy Fuels Special Use Permit application lacks any detail on the actual composition of the hazardous wastes that are to be permanently disposed of on site nor is there a detailed discussion of the closure, reclamation and long-term monitoring and maintenance that will be required for the tailings cells. It is our understanding that one of the requirements of the CDHPE Environmental Report is to provide a reclamation surety estimate identifying the estimated cost of the long term monitoring and maintenance of the hazardous radioactive materials that are being permanently disposed on on-site. We think obtaining this reclamation surety estimate would help present a clear picture of the long term obligations associated with this proposed Uranium Mill.

In reviewing the criteria, which may be used for review of Special Uses in Section VI B. of the Montrose County Zoning Resolution one of the items contained in #7 states in part that the applicant ... has disclosed adequate financial resources to implement the project. In addressing the Special Use Criteria the applicant has stated that Energy Fuels has budgeted 7 million dollars to establish environmental base line conditions, design the mill facility, and acquire the necessary environmental and operating permits. The company apparently has adequate funds budgeted to pay for these up-front projects costs but is still seeking funding to finance the construction of the Uranium Mill which is estimated to cost approximately 150 to 180 million dollars to construct.

The recommended conditions of approval indicate that this Special Use Permit shall run with the land. Considering the complexity of this application and the fact that the Mill and Radiation Management Permit and related CDHPE Permits will be issued to the applicant Energy Fuels Resources Corporation we would suggest that consideration be given to issuing this Special Use Permit if it were to be approved specifically to the applicant rather than having it run with the land. If there is a concern with making this conditional Special Use Permit approval specific to the applicant at a minimum we would suggest there be a provision for a review of any transfer from EFRC to another owner or operator by the Montrose County Board of County Commissioners.

Thank you for providing the San Miguel County Board of County Commissioners an opportunity to comment on this Special Use Permit and share our concerns with this proposed Uranium Mill and Radioactive Waste Disposal facility.

Sincerely,



Joan May, Vice Chair

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{ N MIGUEL COUNTY
PLANNING DEPARTMENT



P.O. Box 548, 333 West Colorado Avenue, 3rd Floor, Telluride, CO 81435
Phone (970) 728-3083 Fax: (970) 728-3098 e-mail: planning@sanmiguelcounty.org

August 19, 2008

Steve White, Land Use Director
Montrose County Planning Department
P.O. Box 1289
Montrose, CO 81402

Re: Referral Comments from San Miguel County concerning Energy Fuels Corporation Special Use Permit Application for the proposed Piñon Ridge Uranium & Vanadium Mill Facility in the Paradox Valley, Montrose County Colorado

Dear Steve,

Thank you for referring this Special Use Application for the Piñon Ridge Mill facility to the Planning Department and providing us an opportunity to review the application and provide comments concerning this proposed Uranium and Vanadium ore processing facility in accordance with our 2005 Memorandum of Understanding. While this proposed facility is to be located in the Montrose County portion of the Paradox Basin it is our considered opinion that this proposed Uranium & Vanadium Mill facility, if it were to be approved and built, would have significant and irrevocable impacts to the region and San Miguel County. We are concerned not only with the direct impacts associated with the proposed mill facility but we also believe that the construction of an uranium and vanadium ore processing facility in the Paradox Valley will spawn the opening and expansion of numerous uranium mines throughout Montrose and San Miguel County, and the Uravan Mineral Belt, thus contributing greatly to the approaching uranium boom. Simply stated it is difficult to support a proposed mill and uranium mining in the west end of Montrose and San Miguel County given the ecological damage still un-reclaimed from the earlier uranium mining boom.

Background:

As you may or may not know the San Miguel County Board of County Commissioners ("BOCC") has had an on-going interest in, and provided formal written comments, on the draft Programmatic Environmental Assessment for the U.S. Department of Energy's Uranium Leasing Program (PEA). The thrust of the BOCC's comments were that because radioactive waste, that is produced in uranium & vanadium mining and milling cannot be safely kept out of natural processes there is a concern that uranium mining and

milling will have significant impacts on the health of workers, the public, and the human and physical environment. The San Miguel County BOCC does not agree with the direction of the Department of Energy, which is to continue its Uranium Leasing Program and to explore the feasibility of increasing nuclear energy in this country. In responding to the PEA, the BOCC also expressed a number of specific concerns regarding the impact of the Uranium Leasing Program and uranium mining on the outstanding natural character of our region, the Dolores River Canyon and our tourism, recreation and real estate development economy. As you may know a coalition of conservation groups have recently filed suit in Federal Court challenging the Department of Energy's decision to proceed with continuing and expanding its Uranium Leasing Program.

The San Miguel County Master Plan for the West End concerning Natural Resources, Agriculture and Recreation states its goal is to develop San Miguel County's natural resources, upon which the economy is based - for mining, agriculture and recreation - in a manner that maintains the living quality of the environment for its citizens. Based on the information received to date we remain concerned that this proposed mill, if approved, and the associated increase in uranium mining in the region, will have significant adverse impacts on the environment and health of our citizens.

Although the San Miguel County Commissioner's believe that mining and milling of uranium is unhealthy to humans, ecologically unwise, and unsustainable, the Board has directed County Planning staff to offer the following comments and suggestions concerning Energy Fuels Resources Corporation Special Use Permit application dated July 8, 2008 as submitted to the Montrose County Land Use Department.

In reading through the Special Use Permit application it is our understanding that the Colorado Department of Public Health and Environment (CDHPE) is the regulatory agency in charge of issuing the license, which would authorize the Company to construct and operate the proposed mill facilities. The application also explains that Energy Fuels has hired a team of engineering and environmental consultants to prepare an Environmental Report required by CDHPE, which will include environmental baseline studies, fully characterizing the environmental setting at the project site, and detailed plans for the mill, tailings cells, evaporation ponds, buildings and infrastructure, closure and reclamation, and more, prior to issuance of the Mill license. After reading Energy Fuels Special Use Permit application which includes very general statements concerning the facility design, operation, environmental protection, closure and reclamation, it appears to us that it would be invaluable to obtain and have an opportunity to review the Environmental Report required by CDHPE and be able to confer with CDHPE as an integral part of Montrose County, the public and referral agency's review of the proposed Piñon Uranium & Vanadium Mill facility.

We're aware that Montrose County and others will have an opportunity to provide comments to CDHPE on the Environmental Report and licensing process, but based on our experience with other large facilities involving radioactive material and hazardous waste we would strongly encourage Montrose County to obtain a copy of the Environmental Report and have it certified to be complete by CDHPE prior to processing

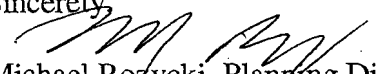
and/or scheduling hearings to consider this Special Use Permit application. We believe that the Environmental Report Energy Fuels is currently working on will provide a significant amount of good and more detailed information from which to make an informed decision concerning this Special Use Permit application. Relating this comment to Montrose County's Special Use Criteria, we are also of the opinion that this Environmental Report and CDHPE's review of same will be helpful in determining in a more meaningful way if the applicant has in fact addressed and satisfied Special Use Permit criterion #'s 2, 4, 5 and 7 above and beyond the general statements made in the submitted SUP application. We would also suggest that as the Environmental Report is completed and this application goes through the actual mill license it is likely that certain aspects and/or elements of the application may be modified or changed.

We have not made a lot of specific comments concerning this application but one of the primary concerns has to do with the applicant demonstrating that they have a legal water supply for the considerable amount of water that would be required to support this proposed mill facility and its ancillary uses. The application refers to an estimated average water requirement for the project of 300 gallons per minute or 484 acre-feet of water per year. What information has been provided or would be required in order to demonstrate that the proponents have an adequate legal and physical water supply to serve this Uranium Mill facility without adversely affecting the quantity and quality of water to residents in the Paradox Valley and this region?

It is our understanding that Montrose County has contracted with Jess Smith to hire a consultant to perform a socio-economic study of the West End of Montrose and San Miguel County to identify and assess the impacts of Oil and Gas Development and mining and milling of natural resources may have on residents and communities in this region. Again, it would seem to make sense to have the results of this socio-economic study prior to completing consideration of Energy Fuels SUP to assist in determining if the applicant has in fact satisfactorily mitigated all of the environmental, health and social impacts associated with this proposed Mill facility and the increased uranium mining in the region.

Steve, it is our understanding that you are completing your initial review of this Special Use Permit application and as such you have not yet scheduled this matter for consideration by the West End Planning Committee, the Planning Commission, or the Board of County Commissioners. We appreciate the opportunity to provide these initial comments and suggestions and would respectfully request that we be advised of any and all public meetings where this application will be discussed or considered. These comments are from the County Planning staff. We would anticipate that as this application moves through the Montrose County Land Use process, the San Miguel County BOCC will likely provide their specific referral comments to your Board.

Sincerely,


Michael Rozycki, Planning Director

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