



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION 5
77 WEST JACKSON BOULEVARD
CHICAGO, IL 60604-3590

MAY 15 2012

REPLY TO THE ATTENTION OF:

E-19J

Erik Carlson
Minnesota Department of Natural Resources
500 Lafayette Road
St. Paul, Minnesota 55155-4040

Tom Hale
U.S. Forest Service – Superior National Forest
8901 Grand Avenue Place
Duluth, Minnesota 55808

Tom Hingsberger
US Army Corps of Engineers
180 5th Street, Suite 700
St. Paul, Minnesota 55101-1678

Re: Underground Mining Alternative Position Paper for the PolyMet NorthMet Site

Gentlemen:

The U.S. Environmental Protection Agency has reviewed the referenced Underground Mining Alternative Position Paper (position paper), pursuant to our authorities under the National Environmental Policy Act (NEPA), Council on Environmental Quality regulations (40 CFR Parts 1500-1508), Section 309 of the Clean Air Act, and Section 404 of the Clean Water Act.

As was discussed in the May 3, 2012 meeting over the above topic, we believe underground mining at the NorthMet site is not only technically feasible, but also beneficial to protection of natural resources such as wetlands, habitat and water quality. In Table 2, it is indicated that underground mining does not meet the purpose and need to the proposed project. It is understood the purpose and need of the proposed project is to recover valuable minerals for economic consumption. We believe underground mining satisfies the purpose and need under NEPA.

A mine plan has yet to be produced for an underground mining alternative. It is not understood how financial feasibility was calculated in the position paper when cost comparisons of pit mining and underground mining were performed. Data from 2005 and 2007 research documents were used to calculate mine operating costs, mine capital costs, and extraction rates. We believe use of data from both research documents will result in inaccurate calculations for a few reasons. First, the proposed project has been refined on numerous fronts, which will undoubtedly lead to changes in cost that were unknown in 2005 or 2007 (e.g. water treatment system). We also question projected costs as they apply to current metals prices. Data from 2005 and 2007 cannot accurately be extrapolated to assess financial feasibility in 2012 due to the recent rise in metals prices, and other factors, such as inflation and costs associated with mitigation, purchase of land, and treatment methods. Additionally, the position paper does not explain whether or not the applicant intends to, in the future, mine higher-grade minerals that are located deeper than the proposed mine pit. Because a potential "open pit/underground mine" was been talked about, we recommend that this be included as an alternative in the SDEIS.

We also question the utility of surface mining when underground mining will result in far fewer acres of direct and indirect wetland and habitat loss. Federal agencies are cautioned against taking wetlands when avoidance and minimization efforts are monetarily feasible. As of present, the project sponsor has not released any documentation that shows underground mining will result in a net monetary loss. Tables 1 and 2 indicate that underground mining will result in reduced earnings; not a loss of earnings. Until this information is known, we must conclude that avoidance of wetland and habitat loss is more economically beneficial, as wetlands and habitat provide economic services that are critical to water quality, greenhouse gas reduction, nutrient cycling, etc. Though such services do not have a clear economic value, they are interrelated with other services that do have economic values, such as health care and flood protection. Because of the above rationale, we support underground mining as the preferred mining method at the NorthMet Site.

We are available to discuss the above comments or any questions you may have. Please feel free to contact me at 312-886-1765, or by email at sedlacek.michael@epa.gov to discuss these comments.

Sincerely,



Mike Sedlacek
Environmental Scientist
Office of Enforcement and Compliance Assurance