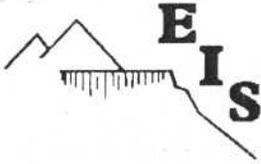


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# ENVIRONMENTAL INDUSTRIAL SERVICES

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August 7, 2001

Mr. Chris Colt  
Utah Division of Wildlife Resources  
475 West Price River Drive, Suite C  
Price, Utah 84501

RECEIVED

AUG 13 2001

DIVISION OF  
OIL, GAS AND MINING

*Incoming*  
*C/007/013*

RE: Mexican Spotted Owl Habitat Site Review of Lila Canyon, August 6, 2001

*Copy Susan*

Dear Mr. Colt:

As per your request, I will summarize the on-site visit conducted at the Horse Canyon/Lila Canyon Mine sites on August 6, 2001 by Susan White, UDOGM, Dr. Frank Howe, UDWR and myself.

The consensus of opinion by Dr. Howe and myself was that the Lila Canyon facility site did not constitute suitable nesting or roosting habitat for the Mexican spotted owl (MSO). Though the area might offer limited foraging habitat, but was not deemed essential. The habitat qualifying is marginal at best and considerable distance (in excess of 1 mile) from areas which could possibly provide suitable roosting or nesting habitat.

The constituents which deemed the area unsuitable were noted as: 1) southwest exposure, 2) extremely hot and arid, 3) buffeted by prevailing winds, 4) no riparian based habitat, 5) relatively open savanna mixed pinyon-juniper stand, 6) an apparent small prey base (woodrat nests).

Ms. White indicated a concern relative to potential subsidence and its effect on escarpments and/or habitat on the plateau above the underground workings. Neither Dr. Howe or I felt confident in our understanding of potential subsidence consequences as described by Ms. White. Upon returning to the office, I inquired as to the potential for damage to habitat in the areas Ms. White had voiced concerns. Mr. Tom Paluso, P.E., of our office with over 20 years of mining experience indicated that the 200 foot mining buffer was adequate to protect the escarpment and that the 1,500 feet to 2,000 feet of overburden would virtually eliminate any evidence of subsidence on the surface.

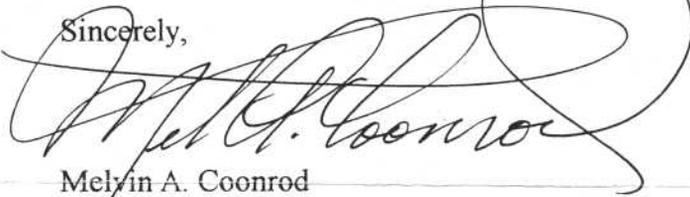
Due to time restraints the benches above the mine site on top of the plateau, were not visited. However, we did travel up to the forks in Horse Canyon above the reclaimed mine site. This area was identified as having a number of constituents that would deem it suitable habitat. Regardless, it was decided that future reclamation or activity at the Horse Canyon site would not pose a threat to the upper portion of the canyon which could harbor MSO's.

Based on our observations, I believe the consensus of our opinion was that the proposed Lila Canyon mine would not pose a threat to suitable MSO habitat or to the owl itself. Future surveys based on the existing plan of development are not warranted.

Chris, I would suggest you discuss any concerns your office may have with Dr. Howe directly and to make sure he concurs with my findings.

If you have any questions, please feel free to give me a call.

Sincerely,

A handwritten signature in cursive script, appearing to read "Melvin A. Coonrod". The signature is written in black ink and is positioned above the typed name.

Melvin A. Coonrod  
Owner, EIS

cc: Susan White - UDOGM  
Frank Howe - UDWR  
Jay Marshall - UEI