



State of Utah

Department of
Natural Resources

ROBERT L. MORGAN
Executive Director

Division of
Oil, Gas & Mining

LOWELL P. BRAXTON
Division Director

OLENE S. WALKER
Governor

GAYLE F. McKEACHNIE
Lieutenant Governor

July 12, 2004

Henry Maddux, Field Supervisor
U. S. Fish and Wildlife Service
2369 West Orton Circle
West Valley City, Utah 84115

Re: Section 7 Consultation on the South Crandall Lease Tract, Genwal Resources Inc., Crandall Canyon Mine, C/015/0032, Task ID #1945, Outgoing File

Dear Mr. Maddux:

The purpose of this letter is to, request your concurrence with our findings on the Genwal Resources South Lease permit area addition in accordance with the Section 7 requirements of the Endangered Species Act.

Of the 16 vegetative and wildlife species listed, one, the bald eagle, could potentially occur in the permit area. Bald eagles are common in the area during the winter and could occasionally fly through or roost in the proposed addition to the permit area, but there are no nearby nests. Mining would have negligible effects on these birds. According to the current raptor survey, (conducted by The Utah Division of Wildlife Resources in the Spring of 2003), there were no golden eagle nests in the proposed lease area. Most threatened or endangered species that could occur in Emery County occur at lower elevations than the mine and have no habitat in the proposed permit area expansion.

The mine has potential, through water depletions, of adversely affecting four listed threatened and endangered fish species of the upper Colorado River drainage. The Fish and Wildlife Service requires mitigation when water depletions exceed 100 acre-feet annually. Page 7-12 and appendix 3-18 of the application describe the use of water for mining operations. The information on page 7-12 indicates that approximately 150 gpm, (242 acre/ft/yr), are used in water consumption for mining activities. This was an estimate based on experience at other mines. The most recent submittal dated July 7, 2004 includes a more accurate set of calculations in appendix 3-18 that define the actual amount of water used in the mining process and water that is discharged into Crandall Creek. The calculations in appendix 3-18 indicate that 79.4-acre feet per year of water are used in mining processes and approximately 800 acre feet per year of water are discharged into Crandall Creek annually. According to these calculations the mine would provide a net gain of 729.6 acre-feet per year of water to Crandall Creek and according to the Mayo age dating studies

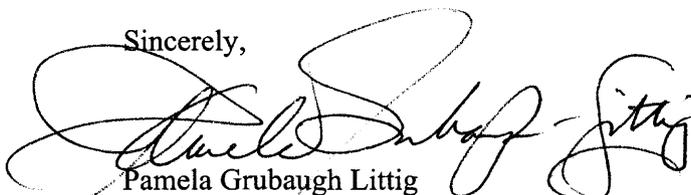
Page 2
Section 7 Consultation
July 12, 2004

this mine water is old and would not be intercepting the water associated with the springs located above the proposed mine workings.

We do not feel there will be any adverse effects on threatened or endangered species.

Please let us know if you concur with our findings and if you have other concerns. If you have any questions about this project, please call Joe Helfrich at (801) 538-5290.

Sincerely,

A handwritten signature in black ink, appearing to read 'Pamela Grubaugh Littig', written in a cursive style.

Pamela Grubaugh Littig
Permit Supervisor

Jch/an
cc: Gary Gray, Genwal Resources Inc.
Price Field Office
O:\015032.CRA\FINAL\Sec7_1945.doc