		G	-(

From:	"Dave Marshall" <dave.marshall@co.itasca.mn.us></dave.marshall@co.itasca.mn.us>
To:	<environmental.review@dnr.state.mn.us></environmental.review@dnr.state.mn.us>
Date:	3/27/2007 12:00 PM
Subject:	recreational trails

Mr. Ek,

I have searched the Draft EIS for mention of the ATV trail, called the Alborn Trail, without success. This trail runs along the dike on the south side of the Permit to Mine area and utilizes an old railroad grade which is owned by the State of Minnesota. This is a Grant-in-Aid trail. The sponsor, I believe, is Greenway Township. This portion of trail is also used as a Grant-in-Aid snowmobile trail. I would also like to say that as stated in the Draft EIS Itasca County hired a part time worker to search for an alternative route for the snowmobile trail where the current trails travel through the Minnesota Steel Permit to Mine area. This worker came up with an alternative route for the east side of the Permit to Mine area which is south of Hwy 169. Since the part time worker completed his work this alternative route has fallen through and is apparently no longer available. This will be a very difficult area in which to find an alternative route since there will be only two landowners (one may be a lessee), neither of which apparently will allow the trail on thier land or land they control.

All of the trails I have mentioned here get heavy use. I ask that these issues be addressed in the final EIS. Thank you for the opportunity to comment. Dave Marshall

Dave Marshall Assistant Land Commissioner 1177 LaPrairie Avenue Grand Rapids, MN 55744 Phone: (218) 327-7397 Fax: (218) 327-4160 Dave.Marshall@co.itasca.mn.us 2

From:	"Dave Marshall" <dave.marshall@co.itasca.mn.us></dave.marshall@co.itasca.mn.us>
То:	<environmental.review@dnr.state.mn.us></environmental.review@dnr.state.mn.us>
Date:	3/27/2007 3:14 PM
Subject:	Snowmobile Trail re-routes

I wrote earlier today but forgot to mention the fact that with re-routes as long as would be required for this project are done DNR requires an Environmental Review of the proposed re-route. For some large projects DNR has provided personnel for doing the environmental reveiw but ther is no reason to think that would happen in this situation. Doing the required environmental reveiw would be quite an undertaking for a snowmobile club. It seems like this issue should be addressed in the EIS.

Dave Marshall Grand Rapids



United States Department of the Interior

OFFICE OF THE SECRETARY Office of Environmental Policy and Compliance Custom House, Room 244 200 Chestnut Street Philadelphia, Pennsylvania 19106-2904



1

March 28, 2007

ER 07/146

Colonel Michael F. Pfenning District Engineer and Commander St. Paul District, U.S. Army Corps of Engineers 190 Fifth Street East, Suite 401 St. Paul, Minnesota 55101

Attention: Mr. Jon K. Ahlness, Regulatory Branch

Dear Colonel Pfenning:

The Department of the Interior (Department) has reviewed the February 2007 Draft Environmental Impact Statement (DEIS) for the proposed Minnesota Steel Industries, LLC, open-pit taconite mine, adjacent stockpile areas, and construction of new facilities – a crusher, concentrator, pellet plant, plant for processing direct reduced iron ore, and a steel mill near Nashwauk in Itasca County, Minnesota.

The U.S. Fish and Wildlife Service (Service) has been coordinating closely with the St. Paul District of the U.S. Army Corps of Engineers (Corps) on this proposed project since 2005. The Service had no additional comments for inclusion in this letter. With the exception of the issue discussed in the paragraph below, the Department has no comment on the adequacy of other resource discussions presented in the DEIS.

Specific Technical Comment

Section 6.7.2 Environmental Consequences, Page 6-27, first full paragraph, and Table 6.7.1:

The water balance provided in Table 4.2.1 on page 4-33 indicates a substantial amount of contribution to ground water from the tailings basin. The discussion of the potential quality of the tailings basin water is based on modeled concentrations and addresses only a very limited suite of constituents. The U.S. Geological Survey (USGS) collected and analyzed water samples from a taconite-tailings basin near Keewatin, Minnesota, in the 1980s and reported that "concentrations of arsenic, fluoride, and nitrite plus nitrate in water from the tailings were notably greater than in water from adjacent aquifers. However, only fluoride, manganese, and nitrite plus nitrate concentrations equaled or exceeded State drinking-water standards" (Myette, 1991). Therefore, consideration should be given to expanding the list of constituents evaluated in the DEIS to include parameters of potential relevance to such mining activities. More information on this and other related USGS studies can be obtained by contacting Don Hansen, Chief, Hydrologic Investigations Section, at the Minnesota Water Science Center, at 763-783-3250, or dshansen@usgs.gov.

REFERENCE: Myette, C.F., 1991, Hydrology, water quality, and simulation of ground-water flow at a taconite-tailings basin near Keewatin, Minnesota: U.S. Geological Survey Water-Resources Investigations Report 88-4230, 61 p. Also available on the internet at: http://pubs.er.usgs.gov/usgspubs/wri/wri884230.

If you have questions concerning this comment, please contact Lloyd Woosley, Chief of the USGS Environmental Affairs Program, at (703) 648-5028 or at lwoosley@usgs.gov.

The Department looks forward to continued coordination with the Corps to ensure that project impacts to resources of concern to the Department are adequately addressed. For matters related to fish and wildlife resources and threatened and endangered species, please continue to coordinate with Mr. Tony Sullins, Field Supervisor, Twin Cities Field Office, U.S. Fish and Wildlife Service, 4101 East 80th Street, Bloomington, Minnesota 55425-1665, telephone (612) 725-3548, and/or Mr. Paul Burke, project biologist, at (612) 725-3548 extension 205.

We appreciate the opportunity to review the document and provide comments.

Sincerely, Unhal T. Chyik

Michael T. Chezik Regional Environmental Officer

cc: T. Sullins, FWS, Bloomington, MN L. MacLean, FWS, Fort Snelling, MN L. Woosley, USGS, Reston, VA

*

(218) 262-3486 ext. 123 Fax: (218) 262-2547

e-mail: bredshaw@ci.hibbing.mn.us



Brian J. Redshaw City Administrator

CITY OF

401 E. 21st Street

Hibbing, Minnesota 55746

April 2, 2007

MN Department of Natural Resources Division of Ecological Services Attn: Mr. Scott Ek, Principal Planner Environmental Policy and Review 500 Lafayette Road, Box 25 St Paul, MN 55155-4025

Dear Mr. Ek:

I am writing this letter in support of the Minnesota Steel Project proposed for Nashwauk, Minnesota. Although the project will not be within our city limits, it will have a significant economic impact on our community. We are excited about the impact that the project will have on the region as a whole as well.

The first positive impact that the project will have is in the area of **construction jobs**. It is anticipated that this project will require 2000 skilled workers for two years. These individuals will live in our communities and spend their earnings for housing, entertainment, food and other necessities. They will also bring their children to the school district because there will be an extended construction period before the project is completed.

The second positive impact will be the creation of approximately 2100 spin-off jobs with an annual payroll of \$100 million. These will be support positions necessary to service the Minnesota Steel project and the employees that it creates in the area.

The third positive impact will be the creation of 700 **permanent jobs**. These positions will spend their income in the surrounding communities as well. The additional payroll is estimated to be \$60 million annually. An additional benefit to the communities will be in the area of additional taxes created for the Iron Range. The State of Minnesota will benefit as will the school districts, county jurisdictions, municipalities and community colleges. Minnesota Steel will contribute \$18 million annually in royalties and taxes to the State of Minnesota, local governments, local schools, and higher education.

A fourth positive impact will be the infusion of **capital investment** in the Iron Range. It is estimated that the private investment in the project will exceed 1.65 billion dollars. In

addition to job creation, this project will generate wealth in the area which will turn over again and again. Wages will be paid which will be spent in area communities. Payroll and Property Taxes will be paid which benefit effected jurisdictions. Homes will be built for both the permanent and construction workers. Support businesses will be created in the private sector. Everyone in the area will receive an indirect economic benefit from the project.

Fifth, we feel that the investors in the Minnesota Steel Project are good corporate citizens. We believe that they show this through their commitment to air and water quality. In this industry, air emissions will be controlled with state of the art technology. The emissions are projected to be 10 times lower than those from current iron and steel making facilities. The plant will be powered by natural gas, which is a clean burning fuel. They have made a commitment to maintaining water quality in the area. Water will be recycled in the process and there will be no run-off which could potentially contaminate the water shed. They have made decisions to reduce potential mercury emissions as well. They will be using natural gas and not coal in the process. Energy consumption is expected to be reduced in the area of thirty percent due to integration of ore processing and steelmaking on-site. Mercury emissions are expected to be ninety-two percent less than other steelmakers in the world. Finally, Minnesota Steel project will be located on an old mining site which should reduce potential harm to wetlands. They have also committed to restore over 550 acres of wetlands in Aitkin County as a part of their fiveyear plan. Additionally, Minnesota Steel's 20-year mitigation plan will include additional on-site and off-site mitigation.

The City of Hibbing as well as the other communities within the Iron Range are joined in our support for this project. Some key reasons for our support were detailed above in the letter: construction job creation, spin-off job creation, permanent job creation, capital investment and Minnesota Steel's reputation as being good corporate citizens. We look forward to construction starting soon. We encourage you to pass on your support as well in the process of issuing the necessary permits.

Sincerely,

Bitan J. Redshaw, City Administrator City of Hibbing





(218) 262-3486 ext. 127 Fax: (218) 262-2547 e-mail: rwolff@ci.hibbing.mn.us

401 E. 21st Street 🛛 🖈 Hibbing, Minnesota 55746

March 26, 2007

MN Department of Natural Resources Division of Ecological Services Attn: Mr. Scott Ek, Principal Planner Environmental Policy and Review 500 Lafayette Road, Box 25 St Paul, MN 55155-4025

Dear Mr. Ek:

I am writing this letter in support of the Minnesota Steel Project proposed for Nashwauk, Minnesota. This perhaps is the biggest single project ever proposed on the Iron Range. Its impact cannot be measured; however, I can say that the Iron Range will become a thriving economic hotbed of activity for decades to come if this project moves forward.

There are many significant reasons why this project should move forward and I will briefly try to outline a few of what I feel are the most significant.

The **economic impact** on the Iron Range can't be stressed enough. The construction and ultimate operation of the plant will bring thousands of skilled workers to the Range. The private investment in the project exceeds 1.65 billion dollars. The additional payroll will exceed \$100 million dollars annually. This money will be spent on the Range. The tax impact of the project for the State, Cities, School districts and colleges is tremendous. These increased taxes will maintain and improve the quality of our education, the infrastructure in our communities and the quality of the services we provide our residents.

I have been keeping up on the **environmental impact** issues raised to this point. This obviously is a very important consideration not only for the State of Minnesota, but for Hibbing residents also.

Air emissions will be controlled with state of the art technology. The emissions are projected to be 10 times lower than those from current iron and steel making facilities. The plant will be powered by natural gas, which is a clean burning fuel.

It is my understanding that water quality will be a priority. Contaminants will not be discharged into the water. Seepage will be collected and returned to the basin. Water will be recycled to be reused in the plant.

The site currently being planned is located on an old mining site. This will mitigate some of the potential harm to wetlands. Minnesota Steel has also committed to restore more than 550 acres in Aitkin County in its five-year plan.

Mercury emission is a big issue. We are dealing with it currently with our wastewater treatment plant in Hibbing. Minnesota Steel has made smart choices in order to reduce the potential mercury emissions. They are burning natural gas and not coal. The integrated process will reduce energy consumption by 25%. Mercury emissions will be over 90% less than other steelmakers in the world.

The support for this project in the Hibbing community is tremendous. The City of Hibbing is 100% behind the project. We have discussed it many times. We support the issuance of the proper permits to begin construction.

~·····,

Mayor Rick Wolff

City of Hibbing

City of Marble

302 Alice Avenue P.O. Box 38 Marble, Minnesota 55764 Phone 218-247-7576

March 28, 2007

Mr. Scott Ek, Principal Planner Minnesota Department Natural Resources 500 Lafayette Road St. Paul, MN. 55155-4025

Re: Minnesota Steel Industries Proposed Project, Draft Environmental Impact Study

Dear Mr. Ek,

On March 12th, 2007 the Marble City Council at its monthly meeting agreed by consensus to formally support the Minnesota Steel Industries proposed project. As the project has been proposed and described in the draft environmental impact study, issued in mid February 2007. The Marble City Council supports this project of Minnesota Steel which proposed a prject boundary adjoins our northeast municipal boundary. For several key reasons:

1. The project will utilize a well known local natural resource and will utilize proven technology throughout, which gives my city confidence in the project. To achieve the strict permit requirements that is being placed upon Minnesota Steel. 2. The jobs that will be created by this project will improve the local and state economy, and are very compatible with and needed by the local area. 3. A great deal of work has gone into the planning and the draft EIS for this project, with results showing, this truly is a sound environmental project.

expeditious completion and approval of the Minnesota Steel EIS, which would enable project permitting, financing, and construction to move forward so that the numerous and extensive project benefits can be attained.

Sincerely,

il a Latti

David A. Lotti Mayor of Marble, Minnesota



March 14, 2007

Scott E. Ek, Principal Planner Environmental Policy and Review Division of Ecological Services Minnesota Department of Natural Resources 500 Lafayette Rd., Box 25 St. Paul, MN 55155-4025

RE: Minnesota Steel Industries, LLC Project

Dear Scott,

As commissioner of the Minnesota Department of Employment and Economic Development (DEED), I am writing to offer both institutional and personal support for the Minnesota Steel Industries, LLC project.

Minnesota Steel Industries will be the first facility in North America to include iron ore mining, ore processing, direct reduction and steelmaking on a single site. It will resurrect a mine that has been closed for more than 20 years. It will create as many as 2,000 construction jobs and 700 full-time jobs. The \$1.6 billion dollar investment will generate \$18 million annually in taxes and royalties. It will mine some of the highest quality taconite ore in Minnesota, leading to increased efficiency, lower operating costs and decreased environmental impact.

For all of these reasons, this project clearly represents the dawn of a new economic era for Northeast Minnesota. Because it is a perfect regional manifestation of DEED's institutional mission to stimulate economic development and job creation throughout Minnesota, I am happy to offer my personal endorsement and pledge the department's resources to ensure the success of a project that will help restore the competitiveness of Minnesota steel worldwide.

DEED supports a strong and healthy iron mining industry, not least because it is an economic driver. The iron mining industry contributes \$1.9 billion annually to the state's economy and purchases goods and services from roughly 200 Minnesota communities. Together with Iron Range Resources, we support efforts within the state's taconite industry to develop value-added iron and steel products from Minnesota's iron ore, and to conduct minerals research that encourages current and future mining activities.

Northeast Minnesota enjoys an abundance of natural resources, including minerals that can be mined and processed into higher value commodities and products. This is exceptionally important as the global demand for iron ore continues to increase. Worldwide iron ore production in 2005 hit 1,496 million tons, up from 910 million tons in 1992. The bottom line is that the world needs steel, and Minnesota wants be a state-of-the-art steel producer.

Department of Employment and Economic Development

1st National Bank Building • 332 Minnesota St., Suite E200 • St. Paul, MN 55101-1351 • USA 651-297-1291 • Toll Free 888-GET JOBS (438-5627) • Fax 651-296-4772 • TTY/TDD: 651-296-3900 • www.deed.state.mn.us Mr. Scott Ek March 14, 2007 Page 2

Minnesota Steel will employ state-of-the-art, commercially proven technology to mine and process ore, produce the direct-reduced iron and manufacture steel slabs. These technologies will permit the ongoing analysis of all the processing steps and quantification of all the discharges leaving the project facility. This, in turn, will allow the permitting authorities and regulators to effectively monitor discharges from the project.

Because it is an integrated steel facility, Minnesota Steel will enjoy significant energy savings, about 30 percent lower than traditional steelmakers. In addition, it will use clean natural gas, not coal, as its carbon source.

The site of Minnesota Steel's mine is the former Butler site, which produced more than 40 million tons of taconite from 1964 until it closed in 1985. While prior activities at the Butler mine brought about significant environmental impacts, Minnesota Steel anticipates that there will be no new mining disturbances or impacts to the site. The company's revised water management plan will eliminate all surface water discharges from the site, effectively eliminating the possibility of impacts on the surrounding watershed. Finally, Minnesota Steel is not requesting any variances from existing state statutes, policies or rules. The company's effort to meet or exceed all environmental requirements has been exemplary.

I thank you for allowing me to submit these comments on the Minnesota Steel Industries, LLC Draft Environmental Impact Statement. DEED is very supportive of this project. Please feel free to contact me if you have any questions about my comments.

Sincerely,

Dan McElroy, Commissioner

cc. John Elmore, President of Minnesota Steel Industries, LLC

Independent School District No. 701 1245 E. 23rd Street Hibbing, Minnesota 55746

JOSEPH ARTHURS Supervisor of Buildings & Grounds 218/262-1363 Fax 218/262-6314

March 28, 2007

Mr. Scott Ek Principal Planner MN Steel

Dear Scott,

At a recent public hearing, I heard the details for the development of a new steel making facility near Nashwauk. Many questions were answered over environmental concerns.

In the selection of planned site development, I was pleased to see a former taconite plant location the prime choice. In these sites land management strategies were already established. MN Steel indicated that they would not discharge any water containing contaminants. They are planning on implementing a recycling plan from the tailings basin for their operation, a common strategy for industrial mining in Minnesota.

Each of these strategies outlined maintain the existing high water quality of nearby waterways and lakes that make up the beauty and quality of life we have in Minnesota.

Pollutant emissions are going to be treated with modern technology to reduce mercury, sulfur dioxide, nitrogen oxide, and particulates along with planned burning of cleanburning natural gas. These changes in standards have been welcome to those of us that make our living and raise our families in this beautiful region.

Through this development, MN Steel indicated they would return more than 500 acres of wetlands. They also have a long-range twenty-year strategy to return additional acres to wetland mitigation.

As this project has developed, we in nearby communities have watched it closely. It has potentially very large employment and economic benefits but none worth the harm to the regions environment. It will be great a boost to our local schools through stabilized enrollment and potential growth. After careful consideration of each of these very important facts, I was pleased to find my questions and concerns addressed so professionally by MN Steel representatives.

G-14

I fully support this development project knowing the environment concerns are fully answered. We look forward to working with our local community leaders and MN Steel in this project development.

Sincerely, Joe Arthurs



Hibbing Public Schools

Independent School District No. 701

800 East 21st Street 218-263-4850 Hibbing, Minnesota 55746 ROBERT D. BELLUZZO, Superintendent

March 30, 2007

Scott Ek, principal planner Environmental Policy and Review Division of Ecological Services Minnesota Department of Natural Resources 500 Lafayette Road, Box 25 St. Paul, MN 55155-4025

Dear Mr. Ek:

As Superintendent of the Hibbing Public Schools I am writing to express my support for the Minnesota Steel project to be located in our region. Schools on the Iron Range have experienced declining enrollment for more than a decade due to the loss of adequate jobs. The Minnesota Steel project will help to resolve the educational crisis we are experiencing.

While it's important for me to support what's good for education it's also important to consider the long-term affect the project will have on our "way of life." My review shows that Minnesota Steel would be good for the economy and good to the environment. The possibility of creating several hundred or more good jobs cannot be taken lightly! We need this project to be successful!

Sincerely,

obus Robert D. Belluzzo

Superintendent of Schools

RDB/tg

Western Mesabí Míne Planning Board



Р.О. Вох 166 Вочеу, MN 55709



March 25, 2007

Mr. Scott Ek, Principal Planner Minnesota Department of Natural Resources 500 Lafayette Road St. Paul, Minnesota 55155-4025

Re: Draft Environmental Impact Statement, Minnesota Steel Industries Proposed Project

Dear Mr Ek:

At its March 8, 2007 meeting, the Western Mesabi Mine Planning Board (WMMPB) was of a consensus to formally support the Minnesota Steel Industries project as proposed and described in the draft Environmental Impact study issued February 12, 2007 for formal public review. The Board, a joint powers board formally authorized under Minnesota statute and comprised of thirteen local government units that comprise the entire area being proposed for the Minnesota Steel project boundaries, strongly supports the project for several key reasons:

- 1. Substantial work has gone into project planning and the draft EIS, with the results indicating that the project is environmentally sound;
- 2. The project will utilize a well-known local natural resource and will utilize proven technology throughout, which lends confidence to the ability for the project to achieve the strict permit requirements that will be placed upon it;
- 3. The jobs and improved economy that will result from the mine and plant are very compatible with and needed by the local area and should also be highly beneficial to the State of Minnesota.

n filmen. Vien filmfilmfilmen feld filmen af angene filmsetter state and an angester segret en der		nit son to far far far far state after state after state after a far and a state and a state and a state and a	I Manual Lands and a Manual Manual Announce and a start of the	and a second because the second s
	A Joint Powers Board		Officers:	Staff:
Arbo Township City of Bovey City of Calumet City of Coleraine City of Grand Rapids	Greenway Township Itasca County City of Keewatin Lone Pine Township	City of Marble City of Nashwauk Nashwauk Township Trout Lake Township	David Lotti, Chair Catherine McLynn, Vice Chair Carter Pettersen, Secretary/Treasurer	R.D. Learmont, Interim Coordinator Karen Barton, Recording Secretary/Treasurer e-mail to: dlearmon@2z.net

This is a significant project for our area. WMMPB urges expeditious completion and approval of the EIS to enable project permitting, finance, and construction to promptly move forth so that the numerous and extensive project benefits can be attained.

Thank you.

Sincerely,

id a. Lotte

David Lotti, Chair

A Joint Powers Board

Arbo Township City of Bovey City of Calumet City of Coleraine City of Grand Rapids Greenway Township Itasca County City of Keewatin Lone Pine Township City of Marble City of Nashwauk Nashwauk Township Trout Lake Township

Officers:

David Lotti, Chair Catherine McLynn, Vice Chair Carter Pettersen, Secretary/Treasurer Staff:

R.D. Learmont, Interim Coordinator Karen Barton, Recording Secretary/Treasurer e-mail to: dlearmon@2z.net

-

Comment Letters received from Interest Groups

MINNESOTA STEEL ENVIRONMENTAL IMPACT STATEMENT

PUBLIC HEARING: MARCH 14, 2007

RE: RECREATIONAL OPPORTUNITIES IN THE NASHWAUK AREA

As President of the Range Riders ATV Club of Nashwauk, I would like to express some concerns on behalf of our club.

We are very excited about the positive economic impact that your company is going to have on our area. We support this project whole heartedly, but we do have some concerns about the recreational trails in the area that are being adversely affected. We would like to see every effort put forth by Minnesota Steel to find a re-route and construct the 1.5 miles of the Alborn Trail that we will lose. This is a Grant-In- Aid trail that our club maintains. Many of our club members have donated their time and resources to this trail over the years. This trail is also a major link for the area's snowmobile riders.

We would also appreciate every effort that you can afford us, to replace the lost snowmobile trail that links Nashwauk to the rest of the area that runs on the east side of Blue Lake. Without this important link, Nashwauk will be cut off from all the trails to the south.

We would like to see a joint ATV/snowmobile trail along the buffer zone between MIS property and US Steel property. This trail would fall under the state's Grant-In-Aid program and would therefore have liability insurance coverage. If this trail would create any legal problems because of statutes, I am sure our elected officials, local, county, state, and Federal would help to work that out.

We believe that a good diversity of recreational opportunities will surely enhance your chances of hiring and retaining a high quality work force.

Sincerely,

Gary Kaminen, President

PO Box 107

Nashwauk, MN. 55769

All-Terrain Vehicle Association of Minnesota PO Box 557 Osseo, MN 55369 www.atvam.org 763-422-4086 or 800-442-8826



Gary Kaminen Regional Director Home: 218-778-6394 Cell: 218-290-3361 Email: mari@virginiamn.com

Itasca Economic Development Corporation 12 Northwest Third Street Grand Rapids, MN 55744



218.326.9411 1.888.890.JOBS fax: 218.327.2242 www.itascadv.org

March 15, 2007

Scott Ek, Principal Planner Environmental Policy & Review Minnesota Department of Natural Resources Division of Ecological Services 500 Lafayette Road, Box 25 St. Paul, MN 55155-4025

Re: Minnesota Steel Draft Environmental Impact Statement (Draft EIS)

Dear Mr. Ek:

It was a pleasure meeting you at the public meeting on March 14 in Nashwauk. The review of the project, the process used to prepare the Draft EIS, the findings and the upcoming steps were all very clear and well done. Thank you.

Based on my review of the Draft EIS and your presentation I believe the Draft EIS adequately and completely discloses information about the project's significant impacts and adequately and completely describes mitigation as prescribed in the Final Scoping Decision.

Itasca Economic Development Corporation (IEDC) has worked with the current management of Minnesota Steel since 2004 and has been proactively supporting the project on behalf of the citizens of Itasca County. Management has proven to be forthright, focused, and community minded. IEDC also recognizes the Longyear and Bennett families' commitment to the Mesaba Iron Range since the early 1890's and their commitment to reactivating the former Butler Taconite mine and tailings basin and construction of new facilities.

Support for the project is also based on use of proven technology and meeting or exceeding all environmental standards. And as pointed out in the Draft EIS, the positive socioeconomic effects of the project on the local community are very substantial.

The estimated construction expenditures used in the EIS were \$1.6 billion which with the indirect and induced effects of \$1.0 billion computed in the UMD study equates to \$2.6 billion of Total Output. During the two peak years of construction, the project is anticipated to directly employ over 2,000 people plus another 1,500 or more spin-off jobs. While these known impacts will be short-term they are likely to jump start the depressed local economy.

The estimated annual economic impact of on-going full operations as measured by Total Output of \$1.3 billion is huge to the local economy. It is anticipated the project will directly employ up to 700 people in operations in jobs that are high paying with good benefits which will result in an additional 1,550 jobs in the area.

In order to put the economic impact of the project in perspective we have compared the Total Output and Value Added estimated by UMD for <u>Itasca County</u> to the totals for all existing industries in the County in the following table.

	Output \$ millions		Value Added \$ millions		
Peak construction (2008)	\$566	30.2%	\$263	25.2%	
Full on-going Operations (2012)	\$1,230	65.7%	\$392	37.5%	
Economic base data for Itasca County (2003) \$1,873	100%	\$1,045	100.0%	

In regards to average weekly wage the statement is made in paragraph 6.14.1.2 Employment Trends that "The average weekly wage in Itasca and St. Louis Counties has continued to increase between 1980 and 2000". While this may be technically correct the constant dollar figures tell a much different story. Below is a graph of average wages paid in Itasca County versus the State of Minnesota adjusted for inflation.



Since 1980 Itasca County has lost thousands of high paying jobs in the mining and wood products industries that have been replaced with lower paying jobs in retail and tourism. While in 1980 Itasca County average wages paid per job were higher than the state average, in 2005 they were \$10,500 less.

IEDC has set the goal of increasing the average wages paid in Itasca County to higher than the average for the State of Minnesota by 2015. The Minnesota Steel Project, together with the spin off jobs, has the potential of increasing the average wages in Itasca County by \$1,600 per year. No other proposed project has this much potential.

It should also be noted that there will be a significant economic growth potential for the local area by bringing production of steel to the Iron Range. The follow-on business development will be unlimited and that impact has not been included in the aforementioned estimates.

The local economy is depressed and is in dire need of an economic boost as illustrated by the number of elementary public school children that qualify for free or reduced price lunch due to low family income. During the 2006-07 school year 46% of Itasca County children qualify for free or reduce price lunch. This is significantly higher that the state average of 35% for the same school year.

As noted in paragraph 6.14.2.2 Combined Impacts, the potential substantial increase in development due to Minnesota Steel and other proposed projects would increase the demand for skilled workforce, which would likely require additional people moving into the area, creating a subsequent demand for housing and public service. Also, as noted in the Draft EIS local governments and other groups have been working with Minnesota Steel in anticipation of the estimated workforce and housing needs. I would suggest adding the Greater Minnesota Housing Fund, the Itasca Housing Coalition (www.itascahousingcoalition.com) and Arrowhead Regional Development Commission to the groups listed as they are also are actively working on preparing the local communities for potential rapid development.

Please extend our appreciation to all the individuals within the Minnesota Department of Natural Resources and the U.S. Army Corps of Engineers for leading a very comprehensive review of all the environmental impacts of the Minnesota Steel on our community. We are depending on you, the Minnesota Pollution Control Agency, the Federal Environmental Protection Agency, and the other involved agencies to insure this project meets all environmental regulations. This is our home and a clean Northern Minnesota environment is important to us. At the same time we appreciate your expediting the completion of this process to enable Minnesota Steel to come to fruition. The project's financial close is contingent on permitting and as we discussed - timing is critical.

Again, thank you for your thoroughness and professional approach.

Sincerely,

Peter McDermott President

Minnesota Department of Natural Resources & U.S. Army Corps of Engineers

Draft EIS Comment Form Minnesota Steel Project

Name:	Jack Thronson	Douid	Mlakan			
Address:	PO Box 158		•			
City:	Keewatin		State:	Mn.	ZIP: <u>5</u>	5753

The following comments are on the Draft EIS for the Minnesota Steel Project (attach additional pages as necessary) The last day to submit comments on the Draft EIS is **4:30 p.m. on April 2**, **2007**:

The Leadership of USW Local 2660 felt compelled to comment on the draft EIS for the Minnesota Steel Project as we have had some experience with environmental issues and enforcement of environmental laws in the mining industry.

First, we would like to comment that we are 100% in favor of the MIS project, and we appreciate the potential jobs that will be created by this project, and are in no way writing this comment to discourage the approval of this project.

Now, with that being said, we would like to voice our extreme concern in regards to the Minnesota Department of Natural Resources being the agency that enforces the environmental rules and regulations bestowed upon the construction and operation of this facility. We have experienced first hand the ability of this agency to police environmental issues on a parcel of property adjacent to the Keewatin Taconite facility and which the DNR had actually leased to Ziegler Corp. for the purpose of maintenance and repair of mining equipment.

1

Signature:

Scott Ek Minnesota Department of Natural Resources Environmental Policy and Review 500 Lafayette Road, Box 25 Saint Paul, MN 55155-4025 Environmental.Review@dnr.state.mn.us Date:

Jon K. Ahlness Regulatory Branch, St. Paul District U.S. Army Corps of Engineers 190 Fifth Street East, Suite 401 St. Paul, MN 55101-1638 jon.k.ahlness@mvp02.usace.army.mil

1

Let us explain a little more in depth as to what arouses our concern on this matter;

We too work on this same equipment, but do so either in a contained area where any inevitable spills are captured and disposed of or in areas where any spills will be sent through the plant process which are both acceptable means of disposal. In contrast, this piece of leased land is bordered by the Perry/Wymann pit and has nothing more than a dirt ground, which obviously does little to stop the spilled fluids from seeping into the pit where it then flows into Swan Lake and on to the Mississippi River.

After observing on several occasions the spilled oils and fuels, we contacted the DNR and asked them why Ziegler was being allowed to ignore its Spill Prevention Plan in such an irresponsible way when the local DNR enforcement officer was at the property several times a month. We were never given an answer and Ziegler continued to operate unabated until the MPCA inspected the property and issued eight citations. We feel this clearly shows that the DNR is more concerned about collecting a small lease fee than protecting our pristine lands here and that what is seen as a blatant violation by the MPCA is seen by the DNR as perfectly acceptable behavior. For this reason we respectfully ask you to review the ability of the DNR to oversee the MIS project.

Sincerely,

Jack Thronson, President USW 2660

Milakan

David Mlakar, Safety, Health & Environmental Chair

Itasca County Trails Task Force 931 North Pokegama Avenue Grand Rapids, Minnesota 55744

Scott E. Ek Department of Natural Resources 500 Lafayette Road St. Paul, MN 55155-4025 Jon K. Ahlness U.S. Army Corps of Engineers 190 Fifth Street East, Suite 244S St. Paul, MN 55101-1638

March 9, 2007

Mr. Ek and Mr. Ahlness:

Members of the Itasca County Trails Task Force have reviewed the draft EIS and offer the following comments specifically with regard to the impact of the proposed project on trails and recreation opportunities in Itasca County.

The site of the Minnesota Steel Project will not affect the Mesabi Bike Trail, but the proposed public infrastructure under the jurisdiction of Itasca County will disrupt a quarter-mile segment. That proposed road and railroad are not included in this EIS and will be reviewed in a separate document.

The mining operations of the proposed Steel project will require re-routing of two snowmobile trails and will restrict public access to an area that is historically suited for hiking, biking, and ATV riding. We respectfully request that the EIS include some mitigation measures including assistance with reroutes and limited access permits so as to reduce the impact on recreation and our economy. The section in the EIS related to future reclamation might include plans to allow for improved trail and recreation opportunities.

In general, the members of the Trails Task Force support the proposal to extract a valuable iron ore using advanced technology that minimizes negative long-term impacts on the environment. We understand the positive economic benefits to Itasca County and to the region and the whole state of Minnesota.

We look forward to working with Minnesota Steel in the future. The Trails Task Force is comprised of trail users and public agencies working together to enhance and promote trails in the Itasca County area. We make recommendations to the Blandin Foundation for expending private dollars as a match to develop worthwhile trail projects.

Sincerely.

Burl Ives, Chair Itasca County Trails Task Force





1854 Authority

4428 HAINES ROAD • DULUTH, MN 55811-1524 218.722.8907 • 800.775.8799 • FAX 218.722.7003 www.1854authority.org

April 2, 2007

Scott Ek Minnesota Department of Natural Resources

Division of Ecological Services Environmental Review Unit 500 Lafayette Road, Box 25 St. Paul, MN 55155

Jon Ahlness

Regulatory Branch, St. Paul District U.S. Army Corps of Engineers 190 Fifth Street East, Suite 401 St. Paul, MN 55101-1638

Re: Minnesota Steel

Dear Mr. Ek and Mr. Ahlness,

The 1854 Treaty Authority would like to provide comment on the Draft Environmental Impact Statement (EIS) for the Minnesota Steel project. The 1854 Treaty Authority is an inter-tribal natural resource management agency governed directly by the tribal councils of the Bois Forte Band and Grand Portage Band of Chippewa. The organization is charged to preserve and protect treaty rights and associated resources in the 1854 Ceded Territory. The 1854 Ceded Territory covers all of Lake and Cook, most of St. Louis and Carlton, and portions of Pine and Aitkin counties in present day northeastern Minnesota.

The 1854 Treaty Authority is interested in projects within or affecting the 1854 Ceded Territory. The proposed Minnesota Steel project falls just outside and to the west of the 1854 Ceded Territory. However, some potential impacts from the project can cross this boundary or affect resources of particular concern to the bands. Our comments on the draft EIS will focus on air emissions and cultural resources.

Air emissions from the proposed project will likely have some impact on the resources of the 1854 Ceded Territory. Of prime concern to us is mercury. Band members continue to exercise treaty rights to hunt, fish, and gather. The availability and health of the natural resources are of extreme importance. Contaminants in fish is a critical issue, especially considering the potential health effects on populations such as tribal members

A consortium of the Grand Portage and Bois Forte Bands of the Lake Superior Chippewa

who may have higher consumption rates when compared to the general public. Air emissions from the proposed project are estimated to include up to 81 pounds of mercury per year. We question how new sources of mercury releases such as from Minnesota Steel will be handled and made consistent with the statewide mercury total maximum daily load (TMDL) recently approved for Minnesota. Under the TMDL, the goal is to reduce mercury emissions from anthropogenic sources by 93% when compared to 1990 levels. To achieve this, the state will need to reduce annual mercury emissions by an additional 2,552 pounds from 2005 levels, with the ultimate goal of having annual emissions reduced to 789 pounds. Further, it is our understanding that the TMDL does not contain a specific allocation that is reserved for future growth. Mercury releases from the project should fit into the framework of the TMDL and be controlled to the extent possible during project planning, permitting, and implementation.

The 1854 Treaty Authority also remains interested in the protection of cultural resources (archaeological, historic, traditional cultural properties) that may be of concern to the bands. At the time of the draft EIS, it appears that impacts to cultural resources from the proposed project are unknown. A process to identify and minimize any impacts has been outlined, including a commitment to perform a phase I survey. The 1854 Treaty Authority requests to receive copies of phase I reports when completed, and consulted with in the event that cultural resources are identified and a phase II evaluation is performed.

Thank you and please contact us with any questions about our comments.

Sincerely,

Darren Vogt Environmental Biologist

David Woodward Cultural Resource Specialist

CC: Cory Strong, Bois Forte Reservation Rose Berens, Bois Forte Tribal Historic Preservation Officer Curtis Gagnon, Grand Portage Reservation 3

IG-5

2

Swan Lake Association Comments Concerning:

Minnesota Steel Industries Draft Environmental Impact Statement

Submitted April 2, 2007 – Typos Removed April 3, 2007 - Via E-mail

For Comment and Request Questions or Clarification Contact:

Ronald R. Rich – Swan Lake Association Director Phone: 612-849-6975 Email: rrr@atmrcv.com

A. General Comments and EIS Requests:

The Swan Lake Association is deeply concerned by many aspects of the proposed Minnesota Steel Industries (MSI) taconite mine, processing facilities and steel plant project. From the EIS and supporting permit and study documents reviewed to date, it is readily apparent that the air, surface and subsurface waters and neighboring land areas on and in the vicinity of Swan Lake will be significantly and negatively affected should the MIS project proceed. In addition, the health and safety of the people living in the Nashwauk, Swan Lake and Calumet areas will also be negatively affected. As stated in our prior EAW submission, the proposal to use conventional and "commercially available" mining, ore, and metals processing technologies all but assures that such detrimental effects will occur.

The Air and Water Permit Applications were neither prepared nor made available to concerned citizens and groups until well after the Draft EIS was completed. It appears there are several air emission, water quality and water flow inconsistencies between the permits and the Draft EIS. Therefore many references to the documents in the EIS are invalid. In addition, these documents appear to have been prepared in haste as the proposed steel technology changed and as the vast amount of water use (exceeding the resources available) became so apparent that on-site recycling and use were required. While the final permit applications will likely be used to prepare the final EIS, the public has not had a chance to effectively comment on the Draft EIS.

The proposed EIS will cover only 20 years of proposed project life and not address potential expansion that might occur after the 20 year life. Since "70+ years" of taconite (presumably at the proposed or greater production rate) may be available, the presumed environmental impact would be up to 3.5 to 5.0 times greater than indicated.

The previous project with operations on the site (Butler Taconite) went bankrupt and departed without completing the mining and reclamation plan it had promised. Lake contamination and poor reclamation of the landfill site was a result. The proposed MIS project is much larger but has still not prepared a reclamation plan or been forced to provide some financial assurance that a bankruptcy will not repeat the Butler experience.

Finally, the Swan Lake Association made several comments our members believe were ignored, dismissed and not adequately addresses during the EAW process. Since our members and others around Swan Lake will be significantly and detrimentally affected by the MIS installation, we hope our comments and concerns will be addressed this time.

The Swan Lake Association has seven requests concerning general aspects of the draft EIS and its process:

9

- 1. The DNR should release an interim final EIS and add an appropriate comment period prior to issuing a final EIS so public comments will reflect the actual MIS impacts.
- 2. Today's Draft EIS comment deadline did not offer sufficient time to review the permit applications on which the Final EIS is based. The Draft EIS comment period should be extended if an interim final EIS won't be released.
- 3. The impact of the project beyond the 20 year scope should be commented on even though not legally required in the Final EIS. Not doing so misleads the public concerning the total potential impact of the project.
- 4. The DNR should address the economic viability of MSI by presenting in the EIS a detailed summary of MSI economic assumptions.
- 5. A complete mining and reclamation plan must be defined well before the EIS is finalized. 8 The Swan Lake Association must receive a copy of the reclamation plan and be allowed to comment on it well ahead of the "final" EIS preparation completion.
- 6. The EIS must address the socioeconomic impact and cost of a sudden MSI bankruptcy and departure from an environmental impact perspective.
- 7. The comments and concerns of the Swan Lake Association must be better and more 5 specifically addressed in Draft EIS Response and final EIS.

B. Water Appropriation and Management Comments and EIS Requests:

MSI now proposes "a comprehensive water management strategy" which will collect and use "all" storm water from the processing and stockpile areas. However, they will only "eliminate any" process water discharge to and surface water discharges from the tailings basin while collecting the tailings basin seepage that would otherwise discharge to surface waters and "return it to the (tailings) basin" (assumed to mean return of seepage for tailings slurry processing). Such an approach cannot make sense unless the intent of this practice is to rely on evaporation in the tailings basin (which concentrates dissolved solids) and groundwater infiltration from the tailings basin (which would remove them but introduce the concentrated dissolved solids to the groundwater) near Swan Lake. Yet groundwater loss rates for all mass flow and TDS calculations are estimated solely by simple diffusion to be fixed at 149 gpm from operating years 0 through 15 and 758 gpm from years 15-20. In addition, "the Company has applied for a State Disposal System permit allowing it to operate its tailings basin as a private disposal system" further indicating the potential for adverse impact to Swan Lake.

Even so, a detailed year by year water balance for the tailings basin is not presented anywhere in the documents available, except for some assumption explanations in the footnotes of Table 1 of the "Revised Dissolved Solids Modeling in Tailings Basing, and Expected Water Quality of Tailings Basin Water" (dated 11/2006). Yet all of the dissolved solids modeling uses these two otherwise unsubstantiated values.

It is also unclear where (if at all) the effect of MSI's removal of a large portion of the Swan Lake watershed is considered in detail, yet the water permit appears to rely on reinstallation of the Swan River dam to maintain lake levels.

The Swan Lake Association has three specific requests concerning water quantity management aspects of the draft EIS:

- 1. Since the wastewater and leachate from the tailings basin as proposed will enter nearby groundwater and directly impact the Swan Lake water quality and may impact several nearby shallow residential wells, the EIS MUST present a detailed water flow model for the proposed tailings basin in order to meaningfully draw water flow and quality impact conclusions.
- 2. A year-by-year analysis of the net loss of water inflow to Swan Lake as a result of the MSI project and listing all assumptions MUST be included in the Final EIS.

3. If a dam is needed on Swan River to maintain lake level, the reason for its addition MUS be included as part of item B2 above.

C. Water Quality Comments and EIS Requests:

Swan Lake and its people endured a similar, but less extensive taconite mining and tailings wastewater 11 discharge impact when the previous Butler Taconite facility operated from 1967 through 1985. The Swan Lake Nutrient Study was the apparent response to addressing this impact. Unfortunately, the entire study focused solely on phosphorus and appears directed at "proving" the Butler tailings basin had limited impact on the Swan Lake. A significant algae bloom in the year 1985 purports to prove the lake quality impacts are not the result of the Butler facility or its tailings basin. Unfortunately, there were several algae blooms in the 1980's and unusual silting at the mouths of Pickerel and O'Brien creeks during that decade and before presumably at least partially caused by the Butler operations and the subsequent attempt at tailings reclamation. The "paleolimnological investigation of lake sediments" might have better addressed the effects of Butler's operation, but was cancelled. Since Butler ceased operations, water quality has steadily improved even though the population density surround the lake has increased. Many residents recall times of "red water" affecting the entire lake from Butler taconite operations (assumed to come from tailings leakage, pit pumping and/or process water disposal). This was not addressed in the lake study or the Draft EIS. Regardless of proposed tailings basin location, heavy metal anions and other 13 potentially hazardous substances now locked in the ores will discharge to Swan Lake tributaries during the MSI project life (especially given the finely divided rock particles that are proposed). Leaching of the bulk of the waste will likely be cumulative and persist for years during the potential 70 to 100 year proposed project life and for many years thereafter. No Swan Lake Association requested analysis of ores, tailings or unconfined aquifer groundwater was conducted for the draft EIS or the water permitting process (except for mercury in 8 ore samples). In fact, such values are assumed from "previous DNR studies" and different ore bodies. A major assumption mitigating leaching is that the sulfates or the particles in the tailings will prevent their migration (based solely on "past experience").

The Swan Lake Association has five specific requests concerning water quality aspects of the draft EIS:

- 1. Given the potential for concentration and migration of these substances especially under the proposed tailings basin recycling plans, complete analysis including all regulated heavy metals and potential carcinogistic particles in representative ore body drillings MUST be included in the EIS.
- 2. An EPA RCRA leachate test of tailings made from the cores (that includes all regulated heavy metals) MUST be included in the EIS.
- 3. The Swan Lake Nutrient Study should be expanded and revised to reflect potential impacts of persistent dissolved solids (including hazardous substances) and reflecting the reduction of water inflow caused by the removal of the proposed MIS watershed area.
- 4. The cause of the "Red Water" episodes experienced by Swan Lake residents during Butler's operation should be investigated.
- 5. The "paleolimnological investigation of lake sediments" should be directed toward recent (1960 – 2007) history to assess precipitates and heavy metals in the sediment presumably affected by Butler.

D. Air Quality Comments and EIS Requests:

The known and undocumented air emissions from the project are of also of special concern to the Swan 15 Lake Association. The taconite mining technology proposed in this project is not apparently different from that practiced by Butler in 1967. High levels of dust containing undocumented and potentially hazardous substances and at a size known to induce silicosis and other lung diseases and cancers will be

present. The lack of hazardous substance analysis in representative ore and test tailings is a very serious omission, especially in light of recent MDH Mesothelioma concerns and most especially since a very extensive tailings basin is proposed next to Swan Lake. No chemical analysis of the hazardous materials in the ore is presented, only assumptions made. Further, Barr reports indicate taconite particles will be ground to -325 mesh. ESPI Metals indicates that particle size would be 44 microns or smaller, but much of the powder could be considerably less than 44 microns and still qualify as a -325 mesh powder. It could be 1 micron and qualify as -325 mesh, it could even be sub-micron and meet the -325 mesh specification. It is unclear how Barr used particle size distribution in determining fugitive dust emissions from the tailings basin – assumptions were not presented and tailings basin dusts not specifically addressed.

The addition of steel manufacture to the taconite production using "commercially available" DRI, EAF and steel forming technologies assures that significant additional criteria, hazardous, and potentially cancer causing pollutant releases will occur. Based on similar technology studies, carbon monoxide emissions from the DRI process has been woefully underreported to the DNR (process leaks can contain up to 20% or 200,000 ppm CO). The new DRI approach to use a 120 psi gas pressure may cut continuous emissions but increases the risk of catastrophic leaks of CO further. Most such emissions are likely fugitive from the DRI tower leaks, yet the air permit lists the EAF process as most significant CO source. Since this DRI facility will only be the third unit ordered of this type and only one is now operating (in Monterrey, Mexico), vendor emission estimates could be verified by actual air emission data (carbon monoxide and particulate especially) at that location. Also most control technology for these processes assume flares or are allowed to be emitted at very high levels. CO emission assumptions appear incorrect due to ignorance of the process by the consultant, overuse of inaccurate or inappropriate AP-42s and acceptance of emission information provided by the vendor. No attempt is indicated to improve the data by monitoring air emissions at similar processes.

The Swan Lake Association has five specific requests concerning air quality aspects of the draft EIS:

- 1. Hazardous materials (particularly heavy metals and any potential material that can act like asbestos) contained in and on representative test taconite tailings must be analyzed. This analysis could be conducted in concert with testing requested in C2 above.
- 2. The actual particle size distribution of the tailings dust should be determined and fugitive dust emissions (including particle size effects) evaluated.
- **3.** Particle size distribution should also be defined for the remainder of the point and fugitive emissions sources, along with an inventory of their anticipated hazardous materials composition based on the ore testing requested in C2 above.
- 4. Based on the author's experience with DRI, the air permit application does not properly reflect the potential to emit carbon monoxide (CO) from the DRI facility and the transfer stations and assumes no leakage of the pressurized DRI chamber. The Monterrey, Mexico plant should be monitored for fugitive and stack emissions during operations, startup and shutdown to assure CO emissions are properly considered.

E. <u>Highway Traffic and Noise Concerns and EIS Requests:</u>

It is unclear from the Draft EIS and other documents received to date what number, percentage and frequency of shipments to and from the plant are trucks using public roads. In particular, the Swan Lake Association is concerned about: 1, the proposed increase of that truck traffic on State Highway 65 south of US 169; 2, any upgrades to State Highway 65 and other public roads proposed as a result of the project; and 3, the increased noise anticipated.

9

19

The Swan Lake Association has three specific requests concerning traffic and noise aspects of the draft EIS:

- 1. Specify the amount, frequency and timing of truck traffic increases projected as a result of the MIS project during construction and plant operation (by year) on both US 169 and State Highway 65. This traffic increase should be compared with current truck traffic and include a size and type distribution for trucks being considered.
- 2. As a result of increased traffic, the EIS should address the improvements (if any) anticipated on State Highway 65 and any other public roads south of US 169.
- 3. The increased noise levels estimated for a typical 24 hour period in July at 10 feet, 100 feet, 1000 feet and 1 mile from the center of State Highway 65 at the center of the bridge that crosses Swan Lake. These should be presented for the construction peak and at years 1, 5, 10, 15 and 20 of operation.

F. Tailings Basin Location Comments and EIS Requests:

The Swan Lake Association continues to unanimously oppose the "Alternative 1" tailings basin disposal site for reasons including:

- The slope of the tailings disposal area is proposed at a 4' to 1' rise. The previous Butler tailings basin had (and still presumably has) a 40' to 1' rise over roughly the same land area.
- It would appear that even over the 20 project time horizon presented in the Draft EIS, tailings depth would be ten times greater than Butler's 18 year operation and for the most part would be added to the preexisting tailings waste.
- MSI apparently proposes to increase the waste in close proximity to Swan Lake by 11 times the current Butler volume. Dam and dike failure and/or leakage during and following the 18 year Butler operation caused significant deterioration of Swan Lake water quality from silt, continual leaching, periodic sudden releases and reclamation efforts in 1986.
- Regardless of the Swan Lake Nutrient Study findings and conclusions, the water quality on Swan Lake has in fact continued to improve since the Butler facility closing.
- It is unclear how many contaminates are still entering the lake from Butler tailings today. The 13 study request by the Swan Lake Association for the Draft EIS was never conducted.
- No member of the Swan Lake Association wants to impair Swan Lake water and air quality for the 4 generations that MSI proposes to operate this landfill.
- At the conclusion of MSI operations, over 80% of the land area of Lone Pine Township would be covered by 70 to 100 feet of fine tailings (both from MSI and Keewatin Taconite).
- The bulk of the leachate and drainage from these tailings will enter Swan Lake through surface and groundwaters.
- The Draft EIS proposes no special technology to contain the tailings other than higher dams and dikes.
- No tailings basin engineering plans are presented in the draft EIS nor special measures addressed (other than surface water reuse) indicating the tailings basin will be essentially the same as Butlers' except 10 times higher and steeper.

Accordingly, the Swan Lake Association must conclude that the currently proposed Alternative Site 1 still has the likelihood of causing significantly greater deterioration of Swan Lake water quality than ever posed by the Butler operation. For this reason alone, Alternative Tailings Basin Site 1 is unacceptable to our Association. Other environmental concerns of the tailings basin are addressed above.

The Draft EIS rejects the proposed Alternative 2 Site even though it disturbs less wetland, has the potential for less human health concerns and would not result in Swan Lake and its residents being placed at risk. The DNR also dismissed the Alternative 3 in pit tailings disposal approach proposed by the Swan

Lake Association in a letter dated November 14, 2005 without serious consideration for the following four reasons:

- 1. <u>Presumed drinking water quality impacts for the citizens of Nashwauk</u> Comment: not likely true since MSI proposes to use and reuse water in such quantity that a well located at the bottom of any pit nearby Nashwauk would create water flow toward the tailings, not away. Even if impacts could occur, the choice of Alternative Site 1 instead would contaminate the groundwater and wells of Swan Lake residents.
- 2. <u>Mining exclusion areas if certain pits were used, they would be closer than 500 feet to a residence and the resident might not approve.</u> Comment: true if the Hawkins pit is used, not true of other pits as they are excavated. The Hawkins pit would likely be available too if the neighbors were compensated for their use or simply bought out much less costly than the other alternatives.
- 3. <u>Limited Capacity of the Hawkins Pit.</u> Comment: the Swan Lake Association never said Hawkins was the only pit to be used for tailings disposal. As pits are properly excavated, they become available for tailings storage just as planned for some "overburden" storage.
- 4. <u>Fee Ownership and Encumbrance of Adjacent Mineable Properties (with 8 issues presented).</u> Comment: this issue could also be addressed by agreement, mining rights swaps (similar to those conducted by MSI to dump tailings already) and by other means. MSI agreed in pit disposal was possible but expressed two excuses at the public hearing of the Draft EIS. The first was that in "40-60 years we plan to mine areas in defunct pits". If so, mine these areas first, and then they can be filled. The second was that permitting would take longer. If so, this is not an unreasonable request to save over 18 square miles of what would otherwise be public use lands. This permit could be submitted now.

This is the 21st century and there is NO EXCUSE not to employ better methods to dispose of tailings.

Accordingly, the Swan Lake Association has four specific requests concerning the tailings basin location aspects of the draft EIS:

- 1. A detailed, open-minded, independent evaluation of in pit disposal of the MIS tailings with the view to making it the preferred tailings disposal alternative. DNR concern 1 above (the only environmental concern) would be addressed by earlier Swan Lake Association leachate recommendations. DNR concerns 2 through 4 would be involve relatively straight-forward economic assessments. The DNR commissioner environmental issues should all favor in-pit disposal.
- 2. If Alternative 3 is rejected, the Draft EIS must address lining and covering the exposed tailings to prevent untreated leachate from entering the groundwater near Swan Lake and minimize dust generation during dry periods. Otherwise, Swan Lake will become the repository of hazardous and non-hazardous dissolved solids through groundwater 21 migration.
- 3. Any assumptions that tailings particles somehow contain most or all dissolved MUST be experimentally determined using tailings derived from representative taconite cores taken 13 from the areas to be mined.
- 4. If the solids retention tests indicate hazardous materials "stick to tailings" particles as Barr assumes, a much more detailed air emission assessment must be undertaken to demonstrate such particles will not be entrained by the wind and enter Swan Lake in significant quantity.

G-6



Minnesota Center for Environmental Advocacy

The legal and scientific voice protecting and defending-Minnesota's environment

26 East Exchange Street - Suite 206 Saint Paul, MN 55101-1667 651.223.5969

651.223.5967 fax mcea@mncenter.org

www.mncenter.org

Founding Director Sigurd F. Olson (1899-1982)

Board of Directors Vanya S. Hogen Chair

Kent White Treasurer

Mary Horak Binger

Kim Carlson

Gene Christenson

Merritt Clapp-Smith

Charles K. Dayton

Robert G. Dunn

Janet C: Green Cecily Hines

Roger Holmes

Douglas A. Kelley

Michael Kleber-Diggs

Dee Long

Steve Piragis

Nancy Speer Steven G. Thorne

· •

Martha C. Brand Executive Director April 2, 2007

Scott E. Ek Principal Planner Environmental Policy and Review Division of Ecological Services Minnesota Dept. of Natural Resources 500 Lafayette Road, Box 25 St. Paul, MN 55155-4025 Jon K. Ahlness Regulatory Branch, St. Paul District U.S. Army Corps of Engineers 190 Fifth St. East, Suite 401 St. Paul, MN 55101-1638

Re: MCEA Comments on the Draft EIS for Minnesota Steel Industries

Dear Mr. Ek and Mr. Ahlness:

We write on behalf of the Minnesota Center for Environmental Advocacy ("MCEA") with comments on the Environmental Impact Statement ("EIS") for Minnesota Steel Industries' proposed mining and steel making project ("Project"). MCEA is a Minnesota nonprofit environmental organization whose mission is to use law, science, and research to preserve and protect Minnesota's natural resources, wildlife, and the health of its people. MCEA has state-wide membership. The mining Project involves environmental impacts in many of the areas of MCEA's work, including water quality, natural resources, public health, and energy policy. Thank you for the opportunity to offer comments on the EIS for the Project.

MCEA urges the Minnesota Department of Natural Resources ("DNR") and the U.S. Army Corps of Engineers ("COE") to require additional evaluation of environmental effects prior to publishing a final EIS for the Project based on the following:

INTRODUCTION

Ι.

Both the state and federal environmental review laws require an agency to take a "hard look" at environmental impacts of government actions and to do so in an analytical and thorough fashion. "NEPA emphasizes the importance of coherent and comprehensive up-front environmental analysis to ensure informed Scott Ek and Jon Ahlness April 2, 2007 Page 2

decision making to the end that 'the agency will not act on incomplete information, only to regret its decision after it is too late to correct.'' *Blue Mountains Biodiversity Project v. Blackwood*, 161 F.3d 1208, 1216 (9th Cir. 1998) (*citing Marsh v. Oregon Natural Resources Council*, 490 U.S. 360, 371, 109 S.Ct. 1851, 1858 (1989)).

Overall, the draft EIS does not take the "hard look" required by law. Rather, much of the information provided is encyclopedic, describing ways in which the Project purports to fit within various regulatory regimes. In many areas the EIS lacks real assessment of the environmental and health impacts resulting from the Project. Summary conclusions are offered in place of rigorous evaluation that allows the public and regulators to weigh the true impacts of alternatives and the Project overall.

MCEA requests for the final EIS and for future draft EIS's that more information be made accessible to the public. The EIS itself provides more description than analysis and contains repeated references to technical memoranda, figures, maps, correspondence and studies for support of statements regarding the environmental impacts of the Project. Yet, these sources are not gathered together and are not easily accessible to the public. They are listed in an appendix, but not published on the web. Given the size of the Project, the significance of the environmental impacts, and the important role public notice and participation play in environmental review, it would be appropriate for the responsible governmental units or the Project proponents to make the Appendix I sources available on the web. The manner in which the information was made available to the public in this case is not in keeping with government obligations regarding environmental review and public participation. To the extent that information is available somewhere that MCEA has not yet found or been able to review, MCEA reserves the right to later supplement its comments on the EIS and to have those comments considered timely.

II. WATER RESOURCES

A. Does the water management plan comport with federal and state law?

The analysis of the Project's impact on water resources is based on an assumption that existing Class 2B waters can be wholly or partially drained and, in some instances, used as stormwater ponds. This assumption lacks a firm legal underpinning. The EIS should evaluate whether the Project's water management plan is consistent with the Clean Water Act and state law, since the water resource impacts are based on this assumption.

There is no dispute that the surface waters in the Project area are considered waters of the state, are "navigable waters" as that term is used in the Clean Water Act, and are classified for purposes of clean water law in Minnesota as Class 2B waters. *See* MSI NPDES Permit Application, p. 37. The quality of Class 2B waters must be protected and maintained to allow for propagation of fish and aquatic life as well as for recreation and as a source of drinking water. Minn. Rule 7050.0222, subp. 3. The conditions measured to evaluate whether surface waters are meeting water quality for

IG-7

Scott Ek and Jon Ahlness April 2, 2007 Page 3

their designated uses include "*physical*, chemical, and biological qualities." Minn. Rule 7050.0150, subp. 1 (emphasis added). A minimum requirement of the Clean Water Act is that states protect and maintain designated uses and the water quality required for those uses. 40 C.F.R. § 131.12(a)(1).

Here, the Project proponents and state and federal regulators have not demonstrated how the proposed water management plan will protect and maintain designated uses for surface waters in the Project area. De-watering of Pit 5 and the Draper Annex Mine appears, on its face, inconsistent with the requirement of the Clean Water Act that designated uses be maintained. The substantial lowering of water levels in Pits 1 and 2 as well as the connected reservoirs, Harrison, Hawkins, and Halobe, likewise seems inconsistent with protecting and maintaining Class 2B uses. The use of Anne and Sullivan mines for industrial stormwater may also affect designated uses. It does not appear that Project proponents have sought a use attainability analysis or any other mechanism for reclassification of these water bodies.

The threshold issue of whether the Project's water management plan is consistent with state and federal laws must be addressed because it has clear ramifications on the viability of the Project as proposed and, ultimately, on the environmental consequences. Because the Project, as proposed, appears inconsistent with the Clean Water Act, the analysis in the draft EIS, based on this proposal, is inadequate.

B. Inadequate analysis or information provided on water impacts.

In general, the EIS appears to be designed to avoid setting out the true consequences of Minnesota Steel's enormous water consumption. While the EIS acknowledges that the Project will "consume substantial amounts of water," commenters find little analysis of how displacing the great amount of water consumed by the Project will impact the surrounding environment.

There is a lack of transparency throughout the EIS. Facts are buried in crossreferenced reports, which, at times, do not support the proposition for which they are cited.

One example:

There was apparently a "water balance" conducted for the Project to determine whether, in the aggregate, there are enough water resources to meet the Project's consumption needs. In a November 3, 2006 email from Barr Engineering to John Adams, DNR, the author notes that in instances of dry conditions, the water balance only works if water is appropriated and pumped from Swan Lake to Pits 1 and 2 for use by the Project. An attached chart indicates, as well, that water may have to be pumped from the Harrison/Hawkins basin. While this is described in the email as only occurring in "dry" or "extremely dry" conditions, because of climate change "dry" or "extremely dry" conditions may be more likely than not (see below). 2

3

4

5

IG-7