

Date: May 9, 2002 Exhibit 7

Kendall Reclamation Issues  
Presentation Before the Environmental Quality Council  
May 9, 2002

I. Introduction

- A. Historical mining site (refer to pre-1988 photograph)
  - 1. Turn-of-the-Century mining resulting in tailings in drainages
  - 2. Greyhall, et al, open-pit mining
- B. Canyon Involvement through CR Kendall
  - 1. Construction of five pits along strike, location of waste dumps, process valley, etc. Refer to 1995 aerial photograph.
    - A. employment figures, etc.
- C. Nature and extent of reclamation conducted to date
  - 1. Concurrent reclamation begun in 1991. \$7.5 million expended through end of 2001.
  - 2. Site almost 70% reclaimed (refer to reclamation status map)
  - 3. Remaining reclamation
    - A. Process Valley
    - B. Misc. roads and facilities
    - C. Water Management

II. Recent Reclamation Efforts

- A. How is the site currently maintained?
  - 1. Water management: Pump back systems, Augmentation systems.
  - 2. Nature of Water: Suitable for use for Livestock
  - 3. CR Kendall currently expending ~ \$400k per year maintaining the site.
- B. February 2001 agreement
  - 1. Background: Bond forfeiture action
  - 2. Desire to see site reclaimed rather than time and financial resources going into protracted litigation
  - 3. Both parties agreed that time was of the essence
  - 4. Provisions of agreement
    - A. Forfeiture action rescinded,
    - B. \$1.869 M from surety company to DEQ for use on reclamation
    - C. CR Kendall to provide closure plan within 30 days.
- C. CR Kendall Closure Plan
  - 1. Accepted DEQ plan for capping pads
  - 2. Water Management utilizing land application, either off site on site
  - 3. South Fork and Mason Canyon water released to drainages
  - 4. Ongoing collection and land application of Little Dog Creek and Barnes King water

5. Available bond funds adequate to pay for remaining reclamation and ongoing site maintenance

D. DEQ review history and status

1. DEQ issued notice that application was not complete April 2001
2. CRK responded with additional information May 2001
3. No further action by on CRK application
4. DEQ decision to proceed with its own investigation
5. DEQ decision to produce EA based upon its own pad cover options (Agency Modified Plan), not CRK plan
6. DEQ decision to go to EIS on all aspects of project, including already reclaimed facilities.

E. Bottom Line

1. EIS is not necessary because information to go ahead with reclamation work already exists and only awaits DEQ's review and approval.
2. CRK is not obligated to pay for the EIS under statute and further believes that it is a waste of time and financial resources to proceed with an EIS.
3. CRK feels strongly that reclamation work should proceed this year with funds in DEQ's hands.