



United States Department of the Interior

BUREAU OF LAND MANAGEMENT



Pocatello Field Office
4350 Cliffs Drive
Pocatello, Idaho 83204-2105
(208) 478-6340
<http://www.id.blm.gov/offices/pocatello>

In Reply Refer To:
3500;
I-036773
I-012982

January 12, 2011

Dear Interested Public:

Paris Hills Agricom Inc. has made an application to the Bureau of Land Management (BLM) to prospect for phosphate and associated minerals using exploration drilling on a 244.63 acre, federally owned phosphate deposit known to exist under privately owned surface. The application area is located within a larger, 2,114 acre non-federal tract referred to as the Paris Hills Property. Paris Hills Agricom is currently conducting exploration drilling activities on the non-federal Paris Hills Property, which is approximately 2 miles west of the towns of Paris and Bloomington, under authorizations from the State of Idaho. Several of the proposed drill hole locations in the federal application constitute prospecting because they are situated on un-leased federal mineral estate which lies outside a nearby federally designated Known Phosphate Leasing Area (KPLA). The company has also made application to BLM to exercise exploration rights related to the existing 65.74 acre federal phosphate lease IDI-012982.

Paris Hills Agricom Inc. is required to obtain a phosphate prospecting permit from the BLM before prospecting can occur on un-leased lands. Also, the company must obtain approval from the BLM to conduct exploration activities on leased lands. The BLM, Pocatello Field Office, is preparing an environmental assessment (EA) of the proposed prospecting and exploration activities according to provisions of the National Environmental Policy Act (NEPA). The EA will document potential impacts to the human environment from the proposals. At this early stage in the process, we are inviting public participation in the form of written comments to help identify potential issues or concerns. The issues and concerns will help direct the analysis, and if necessary develop alternatives or mitigation measures. Paris Hills Inc. is a wholly owned subsidiary of Stonegate Agricom Ltd. a publicly traded Canadian company listed on the Toronto Stock Exchange.

The lands involved with the proposal are located in Bear Lake County, Idaho in Lots 4 and 5, SW $\frac{1}{4}$ SE $\frac{1}{4}$, SW $\frac{1}{4}$ NW $\frac{1}{4}$, NW $\frac{1}{4}$ SW $\frac{1}{4}$, and the NE $\frac{1}{4}$ of, Section 21; Township 14 South, Range 43 East, Boise Meridian (see attached location map). The proposed phosphate drilling project is located entirely on privately owned lands. Activities consist of an adequate amount of prospecting and exploration necessary to delineate the extent and characteristics of the phosphate deposit. Extensive exploration drilling has occurred in the past on surrounding private and state lands with non-federal mineral estate. Exploration and any further exploration on the

surrounding lands with non-federal mineral estate are regulated by the Idaho Department of Lands and are not under BLM review, nor are they connected actions that are dependent on BLM's approval of the proposed exploration drilling activities. This analysis is constrained to activities proposed on the lands identified in this legal description and on the project map.

Associated surface disturbance proposed consists of constructing and reclaiming access roads, drill site pads, and drill fluid retention sumps estimated to total 7.8 acres. Paris Hills Agricom Inc. estimates constructing sixty-two (62) temporary drill holes, ranging in depth from 150 ft to 1,600 ft with 1,165 ft representing the average depth. The drilling is planned in two phases. The first phase of drilling would be completed on approximately 1,000 ft centers with additional holes drilled between lines on a 500 ft offset from the 1,000 ft grid (25 holes). The second phase of drilling which may be completed at least in part concurrently with the first phase is one of additional holes to complete the 500 ft drilling centers within the grid (37 holes). Water and non-toxic and biodegradable fluids such as foam, bentonite mud and/or polymers would be necessary to properly drill and develop the exploration holes. Paris Hills Agricom Inc. anticipates obtaining water to support drilling activities by renewing the existing Bloomington City Overflow Permit (temporary permit TP-11-14) for the year with part of that being sourced from another approved location during the summer months.

Upon completion, Paris Hills Agricom Inc. would plug the holes. The disturbed area would be reclaimed according to BLM and/or State of Idaho specifications. Existing topsoil resources would be used for reclamation activities which would include stabilizing the area and revegetation. Drill holes would be plugged from the bottom to the surface according to BLM and Idaho Well Construction Standard Rules (IDAPA 37.03.09). Depending on ground conditions, water flow and drill hole depth, one of three or a combination of methods would be used to seal and plug a particular hole. These would include *Abandonite*® for deeper holes, bentonite chips for shallower holes, and/or cement grout forming a 20 ft cap.

Reverse circulation (RC) and diamond coring methods would be used, and one or more drilling rigs would be used to complete the proposed drilling activities. The RC drilling activities are proposed to be undertaken and completed in about 30 weeks and the diamond drilling in about 52 weeks. Stormwater would be managed site-wide under the Environmental Protection Agency *Storm Water Pollution Prevention Plan* and includes the use of Best Management Practices such as silt fencing, straw wattles, water bars, and rolling dips. Drilling sites would be constructed with a sump to control drill cuttings and fluids. Paris Hills Agricom Inc.'s plan also details how solvents or petroleum products would be handled to ensure no release occurs to the environment.

Future/additional phosphate leasing or mining is not part of the proposed action, nor are they considered to be connected actions to the proposed prospecting and exploration activities. If a prospecting permit is issued by the BLM to Paris Hills Agricom Inc. and a valuable phosphate deposit is discovered, then Paris Hills Agricom Inc. could make an application for a non-competitive preference right lease. However, leasing is discretionary and the BLM is required to conduct further environmental analysis to assess the potential environmental impacts of issuing a lease (43 CFR 3507.19). Paris Hills Agricom has not proposed any mining of lease I-012982 at this time, therefore, consideration of mining activities is outside the scope of BLM's prospecting/exploration EA.

By this letter, BLM is requesting public comment regarding your concerns and issues related to this project. Your comments will be considered and appropriately addressed as we prepare our environmental analysis and render a decision on Paris Hills Agricom Inc.'s application.

Please send written comments to:

U.S. Bureau of Land Management
Pocatello Field Office
Attention: Bryce Anderson
4350 South Cliffs Drive
Pocatello, Idaho 83204

Comments are due by February 18, 2011. Additional information may be obtained by contacting Bryce Anderson, project manager, at 208-478-6353.

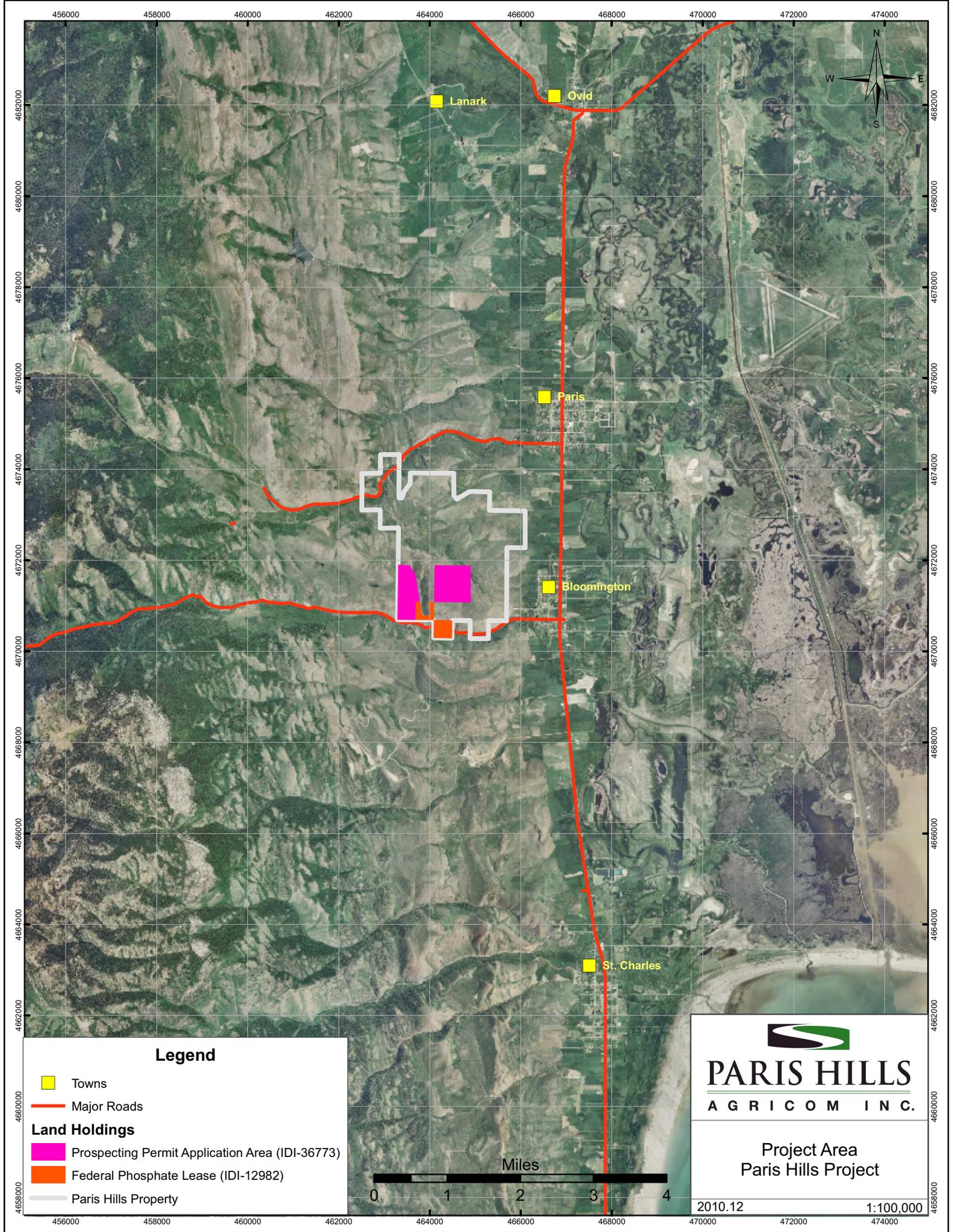
Sincerely,



Joseph Kraayenbrink
District Manager

Enclosure:

General Location Map
Project Detail Map



Legend

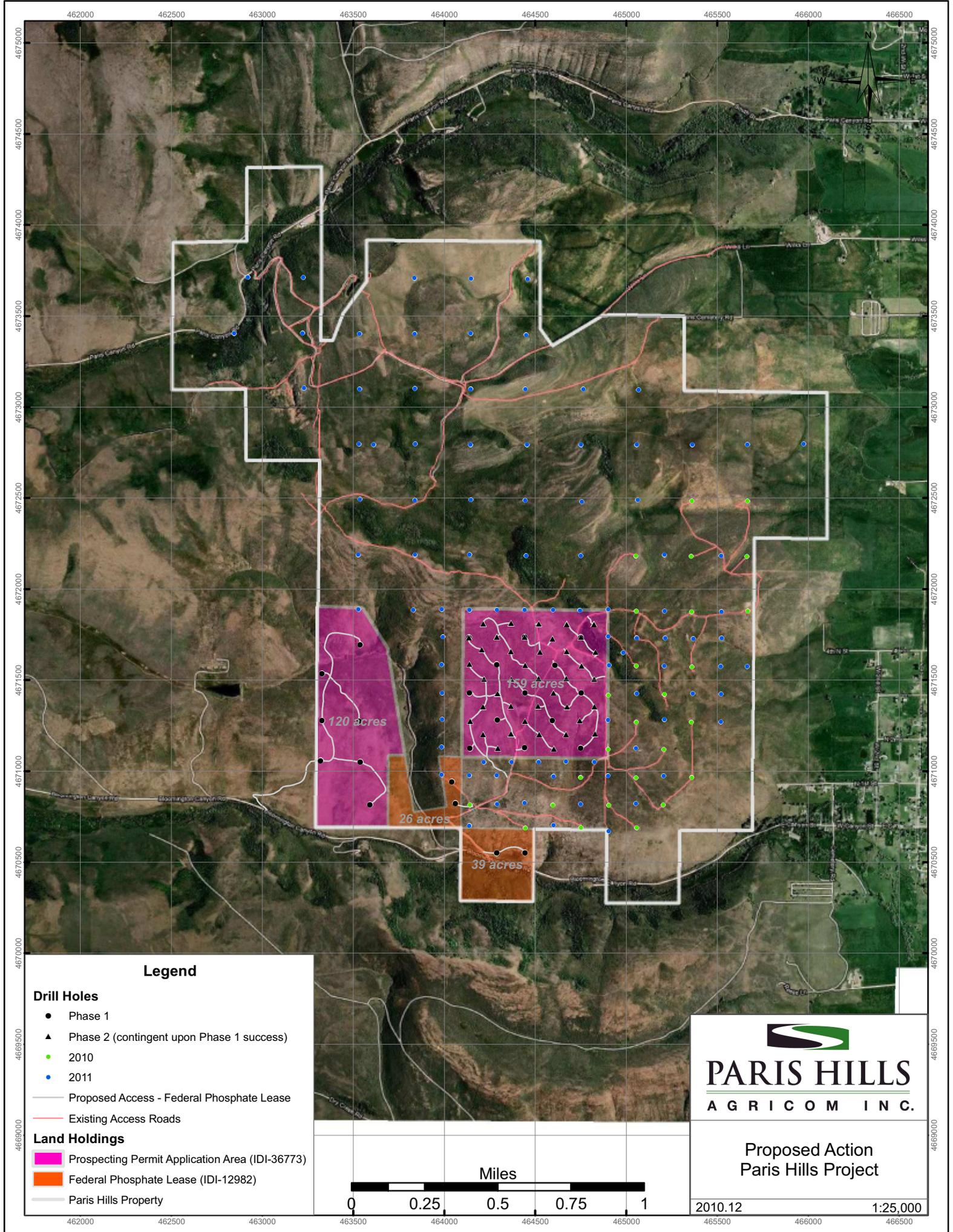
- Towns
- Major Roads
- Land Holdings**
- Prospecting Permit Application Area (IDI-36773)
- Federal Phosphate Lease (IDI-12982)
- Paris Hills Property



Project Area
Paris Hills Project



2010.12 1:100,000



Legend

Drill Holes

- Phase 1
- ▲ Phase 2 (contingent upon Phase 1 success)
- 2010
- 2011

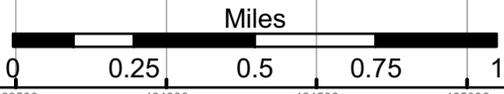
- Proposed Access - Federal Phosphate Lease
- Existing Access Roads

Land Holdings

- Prospecting Permit Application Area (IDI-36773)
- Federal Phosphate Lease (IDI-12982)
- Paris Hills Property



**Proposed Action
Paris Hills Project**



2010.12 1:25,000