

# Attachment J

## Permit Approvals

ID	Permit / Number	Agency
J1	Mining Plan of Operations for Daneros Mine (UTU-74631 UT-090-07-43)	BLM (Approved for existing operations)
J2	Decision Record and Finding of No Significant Impact for Daneros Mine (UT-090-07-43)	BLM (Approved for existing operations)
J3	Small Mine Permit/Mine and Reclamation Plan (S/037/0121)	UDOGM (Approved for existing operations)
J4	Approval for Construction under 40 CFR Part 61 Subparts A and B (Radon NESHAPs) (DAQE-AN144920002-14, Site ID 14509)	Utah Division of Air Quality (Approved)
J5	Approval Order for a New Underground Uranium Mine San Juan County (Air Permit) (Project No. N14492-0002)	Utah Division of Air Quality (Approved)
J6	Stormwater Pollution Prevention Plan and Permit (UTR 260661)	Utah Division of Water Quality (Approved, being renewed)
J7	Application to Appropriate Water Number 09-2315 (A78359)	Utah Division of Water Rights (Approved)
J8	Stream Alteration Permit (Application No. 15-99-01SA) for Daneros Portal Area	Utah Division of Water Rights (Under review, not included)

**J1**  
**Mining Plan of Operations for Daneros Mine**  
**(UTU-74631 UT-090-07-43)**



# United States Department of the Interior



BUREAU OF LAND MANAGEMENT  
Monticello Field Office  
P.O. Box 7  
Monticello, Utah 84535  
<http://www.blm.gov/utah/monticello>

IN REPLY REFER TO:  
UTU- 74631  
(UTY-020)

MAY 26 2009

## Decision

Kelly Shumway : Plan of Operations, UTU-74631,  
P.O. Box 1346 : Daneros Mine Project, Bullseye  
Moab, Utah 84532 : Canyon, San Juan County, Utah

### Plan of Operations Approved – Conditions of Approval Required Determination of Financial Guarantee Amount

The Plan of Operations for the Daneros Mine is hereby approved subject to the attached conditions of approval.

#### Conditions of Approval

In order to prevent unnecessary or undue degradation, Utah Energy Corporation (UEC) must conduct operations as described in its Plan of Operations for the Daneros Mine and in accordance with the conditions of approval attached as Appendix A and Appendix B of this decision. Depending on the timing of project start-up, additional wildlife surveys may be required before operations can begin (see items 37 and 39 in Appendix A).

#### Financial Guarantee

UEC must provide a financial guarantee for reclamation of the Daneros Mine in the amount of \$81,120. The financial guarantee must be provided using one or more of the acceptable financial guarantee instruments listed under 43 CFR 3809.555. The amount of financial guarantee was determined based on your previously submitted reclamation cost estimate, our review of the cost estimate, consideration of the above conditions of approval, and consultation with the Utah Division of Oil, Gas and Mining (UDOGM).

The UDOGM will serve as the lead agency in preparing a reclamation contract and in receiving an acceptable bond instrument. UEC must not begin activities under the approved Plan of Operations until the UDOGM receives your financial guarantee and gives you final written approval.

## **Daneros Mine Project**

Approval of the Plan of Operations by the Bureau of Land Management (BLM) does not constitute a determination regarding the validity or ownership of any unpatented mining claim involved in the mining operation. UEC is responsible for obtaining any use rights; or local, state, or federal permits, licenses, or reviews that may be required for the operation.

### Appeal of the Decision:

If you do not agree and are adversely affected by this decision, you may request that the Utah BLM State Director review this decision. If you request a State Director Review, the request must be received in the Utah BLM State Office at 440 West 200 South, P.O. Box 45155, Salt Lake City, Utah 84145-0155, no later than 30 calendar days after you receive or have been notified of this decision. The request for State Director Review must be filed in accordance with the provisions in 43 CFR 3809.805. This decision will remain in effect while the State Director Review is pending, unless a Stay is granted by the State Director. If you request a Stay, you have the burden of proof to demonstrate that a Stay should be granted.

If the State Director does not make a decision on your request for review of this decision within 21 days of receipt of the request, you should consider the request declined and you may appeal this decision to the Interior Board of Land Appeals (IBLA). You may contact the Utah BLM State Office to determine when the BLM received the request for State Director Review. You have 30 days from the end of the 21 day period in which to file your Notice of Appeal with this office at Monticello Field Office at 365 North Main Street, P.O. Box 7, Monticello, Utah 84535, which we will forward to IBLA.

If you wish to bypass a State Director Review, this decision may be appealed directly to the IBLA in accordance with the regulations at 43 CFR 3809.801(a)(1). Your Notice of Appeal must be filed in the Monticello Field Office 365 North Main Street, P.O. Box 7, Monticello, Utah 84535, within 30 days from receipt of this decision. As the appellant, you have the burden of showing that the decision appealed from is in error.

If you wish to file a petition pursuant to regulations 43 CFR 4.21 for a stay of the effectiveness of this decision during the time that your appeal is being reviewed by the IBLA, the petition for a stay must accompany your Notice of Appeal. Copies of the Notice of Appeal and petition for a stay must also be submitted to each party named in the decision, and to the Office of the Solicitor at Federal Building Rm-6201, 125 South State Street, Salt Lake City, Utah 84138, at the same time the original documents are filed with this office. If you request a stay, you have the burden of proof to demonstrate that a stay should be granted based on the standards listed below.

**Daneros Mine Project**

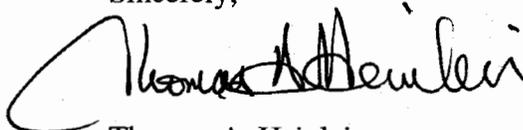
Standards for Obtaining a Stay

Except as otherwise provided by law or other pertinent regulation, a petition for a stay of a decision pending appeal shall show sufficient justification based on the following standards:

1. The relative harm to the parties if the stay is granted or denied;
2. The likelihood of the appellant's success on the merits;
3. The likelihood of immediate and irreparable harm if the stay is not granted; and
4. Whether the public interest favors granting the stay.

If you have any questions, please contact Ted McDougall of my staff at (435) 587-1512 or at the above address.

Sincerely,

A handwritten signature in black ink, appearing to read "Thomas A. Heinlein". The signature is written in a cursive style with a large, sweeping initial "T".

Thomas A. Heinlein  
Field Office Manager

cc:

Paul Baker  
State of Utah  
Department of Natural Resources  
Division of Oil, Gas and Mining  
1594 West North Temple, Suite 1210  
Box 145801  
Salt Lake City, Utah 84114-5801

**ATTACHMENT A**

**Conditions of Approval  
Daneros Mine Plan of Operations**

1. UEC shall stockpile the inert waste rock removed from the two ventilation shafts. The shaft waste rock will be used for reclamation purposes as additional cover material applied evenly over the graded waste rock dump prior to applying topsoil. The stockpile shall be located within the area of potential affect (APE) which has been previously surveyed for cultural resources.
2. All waste rock will be checked with a gamma meter prior to disposal to ensure that material placed on the dump does not exceed 0.015 percent U3O8. Any sub-ore material exceeding 0.015 percent U3O8 will be placed in an interim stockpile and mixed with ore and shipped to the mill, or placed back in worked-out areas of the mine.
3. All operations shall be conducted in a manner that complies with pertinent federal, state, and local laws and regulations, including all permit requirements.
4. UEC will provide BLM with a copy of permits, plans, and monitoring reports issued or required by other local, state, and federal entities, including: U.S. Department of Labor Mine Safety and Health Administration (MSHA) mine permits, plans, and monitoring reports; State of Utah stream alteration permit, Utah Pollution Discharge Elimination System (UPDES) permit, water well permit, water right allocation; and San Juan County building permit.
5. UEC shall implement dust suppression measures including tarping of truck beds on ore haul trucks prior to leaving the mine, and application of water and/or other approved dust suppressants on the mine haulage road and other areas of the mine.
6. UEC shall implement all control measures in its Fugitive Dust Control Plan throughout the life of the operation.
7. The ore haulage contractors shall obtain all necessary permits and clearances, following U.S. Department of Transportation and Utah Department of Transportation regulations including establishment of an Emergency Response Plan.
8. UEC shall consult with the San Juan County Road Department for the placement and installation of all safety and directional signs and cattle guards on county roads.

9. UEC shall obtain any necessary gravel for the truck haul route from an authorized county material source and shall coordinate with the San Juan County Road Department prior to use.
10. Buildings and other facilities shall be painted a BLM-approved color from either the chart of Standard Environmental Colors or the chart of Supplemental Environmental Colors.
11. All chemicals and hydrocarbon products (including used oil) shall be contained and controlled in accordance with proposed containment measures and the Spill Prevention Control and Countermeasure (SPCC) Plan prepared pursuant to 40 CFR 112.
12. The BLM Hazardous Material Coordinator shall be notified as soon as possible if a spill occurs during ore transport or if an incident occurs resulting in the spill of petroleum products. Spill containment shall be initiated immediately and contaminated material shall be moved to the nearest approved landfill or disposal facility as appropriate.
13. In accordance with 29 CFR 1910.1200(g), UEC shall maintain a file containing Material Safety Data Sheets (MSDS) for all chemicals, compounds, and/or substances which are utilized during the course of construction, mining, and reclamation operations. This file shall be available for reference and inspection at all times at the site.
14. A roll-off container for disposal of solid waste shall be located on site. All solid waste shall be placed in the container and transported to an approved land fill.
15. Any solid wastes that qualify as low-level wastes for radiation contamination, per Nuclear Regulatory Commission (NRC) guidelines (i.e., not a product or a by-product of ore extraction or production), shall be handled in accordance with the Low-Level Radioactive Waste Policy Amendments Act of 1985 at an NRC-approved facility.
16. Recycling of applicable materials such as batteries, scrap metal, used oils, tires, and antifreeze shall take place during mine operations.
17. If a solvent station is installed to clean parts, it shall consist of a sink mounted on a small drum of solvent. The solvent shall be recycled to the drum after each use.
18. The operator shall immediately notify the BLM authorized officer of any cultural resources discovered as a result of operations under this authorization. The operator shall suspend all activities in the vicinity of such discovery and protect it until notified to proceed by the authorized officer.

19. All UEC employees and subcontractors must be informed by UEC before commencement of operations that any disturbance to, defacement of, or collection or removal of archaeological, historic, or sacred material will not be permitted and persons knowingly disturbing historic or archaeological sites will be subject to prosecution.
20. The BLM authorized officer must be notified by telephone immediately if human remains, funerary items, sacred objects, or objects of cultural patrimony are discovered. Further, the operator must stop activities in the vicinity of the discovery and protect it until notified to proceed by the authorized officer.
21. If vertebrate fossil(s) are encountered during mining operations, UEC shall immediately cease work in that area of the mine and notify the BLM authorized officer of the discovery.
22. UEC shall implement reclamation measures specified in its MPO, but shall increase its proposed seed broadcast rate from 2 lbs/acre to 4 lbs/acre.
23. All topsoil shall be salvaged from disturbed areas and stockpiled prior to surface-disturbing activities.
24. All drill holes shall be plugged in accordance with Utah Division of Oil, Gas and Mining Rule R647-2-108.
25. As part of site reclamation, UEC shall excavate the ore stockpile area to remove all radionuclide-bearing rock with values above background. The rock shall either be transported to the White Mesa Mill for treatment or shall be returned to the mine workings.
26. UEC shall implement a Storm Water Pollution Prevention Plan, and shall install erosion control devices before stripping of topsoil and grading. Erosion and sediment control devices shall be maintained throughout the life of the mining operations.
27. Safety signs and a gate shall be installed on County Road D0029 at the entrance to the mine to allow access by authorized mine personnel only.
28. UEC shall not install road signs directing the public onto County Road D5319.
29. UEC's Weed Control Plan shall be implemented throughout the life of the mining operation and during reclamation.
30. If necessary, UEC shall consult with the BLM and County weed control staff regarding problematic weed infestation areas, and appropriate control measures will be agreed upon prior to initiation.

31. Water samples shall be taken and analyzed from the new well, and a report shall be submitted to BLM prior to using water for dust suppression.
32. Ore haul trucks shall be checked for radiation levels prior to leaving the mine site and the mill site on the return leg. If gamma readings are found to exceed the standards of Title 49 CFR 173, (that the external dose rate may not exceed an external radiation level of 1,000 millirems per hour [mrem/hr] at 3 meters from the unshielded material), the ore truck shall be cleaned using power wash or other method to meet appropriate radiation standards.
33. Portable sanitation facilities shall be provided on site during mining and reclamation operations, and disposal shall be at an approved facility.
34. The mine shall operate in accordance with federal regulations that are designed to protect the mine workers and general public from radiation exposure.
35. Workers shall be protected through establishment of adequate ventilation and monitoring of radiation levels in the underground work areas in accordance with MSHA regulations at Title 30 CFR 57.5037 and Title 30 CFR 57.5047.
36. UEC shall notify BLM of temporary cessation of operations and shall secure the site using locked closures on all mine openings and buildings, and by maintaining structures, equipment, and facilities in an otherwise safe and environmentally acceptable condition.
37. No surface-disturbing activities or occupancy are allowed from April 1 to June 15 for lambing, and from October 15 to December 15 for rutting desert bighorn sheep. The BLM Field Manager may grant an exception if it is determined that the animals are not present in the project area or the activity can be completed so as to not adversely affect the animals.
38. During times of temporary cessation (longer than one month), the entrance to the mine will be closed to exclude bats from entering the mine. The preferred method for exclusion of bats from an adit or shaft is to block the portal or collar with 1-inch-diameter chicken wire.
39. Raptor management will be guided by *Best Management Practices for Raptors and Their Associated Habitats in Utah* (BLM 2008b:Appendix M). If mining operations are scheduled to begin between the dates of January 1 and September 31, raptor surveys will be required prior to operations. Field surveys will be conducted as determined by the authorized officer of the BLM. Based on the result of the field survey, the authorized officer will determine if appropriate buffers and timing limitations are necessary.
40. Underground mine equipment with internal combustion engines shall meet MSHA emission standards.

41. The generator must meet strict U.S. Environmental Protection Agency (EPA) New Source Performance Standards for emissions at 40 CFR Part 60.
42. Stationary mine equipment located on the surface, such as generators, with internal combustion engines of less than or equal to 300 design-rated horsepower must not emit more than 2 grams (g) of nitrogen oxides (NO<sub>x</sub>) per horsepower-hour. Equipment with 300 design-rated horsepower must not emit more than 1 g of NO<sub>x</sub> per horsepower-hour. This requirement does not apply to engines of less than or equal to 40 design-rated horsepower.
43. UEC shall use clean low-sulfur fuels for all diesel engines.

## ATTACHMENT B

### Compliance and Monitoring Requirements Daneros Mine Plan of Operations

1. UEC shall monitor flow rates at the Bullseye Spring and Well on a quarterly basis, beginning immediately prior to mine development, and continuing until reclamation is completed. An annual report shall be submitted to the BLM. Copies of the reports shall be submitted to the water rights owner. If it is determined that flow rates are diminished as a result of mining activity, UEC shall be required to mitigate potential damage to the livestock operations through a replacement well or other water replacement measures to be determined by BLM in consultation with the Division of Water Rights.
2. Composite samples shall be made from quarterly waste rock grab samples taken from the waste rock dump and analyzed once per year to ensure that the material is still considered inert. This data and an annual summary report shall be provided to the BLM. If waste rock sampling indicates acid forming potential, UEC shall prepare and submit a mitigation plan to the BLM for approval.
3. UEC shall measure radon levels and flow rates in the mine exhaust air consistent with the standards of EPA regulations at 40 CFR Part 61. This data would then be input into an EPA air-modeling program to predict radiation levels at the nearest residence. The collected data and modeling results shall be reported annually to the Utah Division of Air Quality. UEC shall provide copies of these reports to the BLM.
4. Personal monitoring and active ventilation for radon emissions and gamma exposure rates in the mine workings shall be implemented as required by MSHA safety provisions.
5. UEC shall implement the monitoring and control measures outlined in the Noxious Weed and Invasive Plant Control Plan. Annual reports shall be submitted to the BLM and San Juan County pursuant to Section 8.0 of the Plan.
6. A gamma survey by a certified Radiation Safety Officer shall be conducted on the waste rock dump after application of cover material and prior to seeding. The survey report shall be submitted to BLM. If the gamma radiation dose, assuming a 14-day exposure period, is found to exceed 0.1 mrem/yr over background, then UEC shall apply additional cover material to meet this standard.
7. All waste rock will be checked with a gamma meter prior to disposal to ensure that material placed on the dump does not exceed 0.015 percent U3O8. Any sub-ore material exceeding 0.015 percent U3O8 will be placed in an interim stockpile and mixed with ore and shipped to the mill, or placed back in worked-out areas of the mine.

**J2**  
**Decision Record and Finding of No Significant**  
**Impact for Daneros Mine**  
**(UT-090-07-43)**

# **Finding of No Significant Impact and Decision Record**

***Project:***

Daneros Mine Project  
Plan of Operations  
Environmental Assessment UT-090-07-43  
Casefile Number: UTU-74631

***Applicant/Address:***

Utah Energy Corporation  
P.O. Box 1346  
Moab, Utah 84532

U.S. Department of the Interior  
Bureau of Land Management  
Monticello Field Office  
Monticello, Utah  
Phone: 435-587-1500  
FAX: 435-587-1518

June 2011

## **Finding of No Significant Impact / Decision Record Monticello Field Office**

### **INTRODUCTION:**

On May 26, 2009, the Bureau of Land Management (BLM), Monticello Field Office (MFO) Manager signed a Finding of No Significant Impact (FONSI) and Decision Record (DR) approving the Utah Energy Corporation's (UEC) Plan of Operations to open the Daneros Uranium Mine. On March 31, 2010, the BLM Utah State Director issued a decision denying a Southern Utah Wilderness Alliance (SUWA) request for State Director Review (SDR) and upheld the MFO FONSI/DR approving the Daneros Mine Plan of Operations. The SUWA then appealed the decision by the State Director to the Interior Board of Land Appeals (IBLA). On June 3, 2011 the IBLA issued its decision (IBLA 2010-138), affirming in part and reversing in part, the State Director's decision denying SUWA's request for SDR. In light of the recent IBLA decision, the BLM has revised the environmental assessment (EA No.UT-090-07-43) to include additional environmental analysis of indirect impacts from processing Daneros ore at the White Mesa Mill (specific issue reversed by IBLA).

The Bureau of Land Management (BLM), Monticello Field Office (MFO) has revised the environmental analysis to assess the potential impacts associated with the proposed Daneros Mine Project. The environmental analysis is documented in the attached Environmental Assessment (EA No. UT-090-07-43). The Daneros project is a proposed small underground uranium mine situated in Bullseye Canyon in San Juan County, Utah. The Daneros mine property comprises 65 unpatented mining claims located on public lands. These lands are subject to location under the mining laws of the United States. Pursuant to Federal regulations at 43 CFR Subpart 3809 which apply to operations authorized by the mining laws on public lands, Utah Energy Corporation (UEC) submitted a Mining Plan of Operations (MPO) to the BLM in October 2008. The MPO essentially constitutes the Proposed Action in the EA.

Under the Proposed Action, uranium ore would be produced from the Daneros property using conventional underground mining methods. A total of 100,000 tons of uranium ore would be produced during the seven-year operation. No ore processing would occur at the site. Ore would be transported by truck on existing county and state roads to Denison Mines' White Mesa Mill near Blanding, Utah. Twin declines would be developed into the uranium orebody for purposes of ore haulage, mine ventilation and a secondary escape route. Two 7-foot diameter mine ventilation boreholes would be drilled. A total of 22 development holes would be drilled to further delineate the orebody. A well would be drilled on site to provide water for dust suppression and drilling operations. Surface facilities would include a mine yard/portal area, office/shop area, ore stockpile area, waste rock disposal area, two topsoil stockpile areas, and two ventilation borehole areas. Total surface disturbance would be 4.5 acres, the majority of which (3.5 acres) would occur within areas of preexisting mining disturbance. For a detailed description of the Proposed Action the reader should refer to the attached EA.

The Proposed Action would meet the underlying need for UEC to mine a valuable deposit of uranium from unpatented mining claims under the authority of the mining laws of the United States, while ensuring that operations are conducted in a manner that prevents unnecessary or undue degradation of public lands and conforms to the management prescriptions in the BLM land use plan.

## **Daneros Mine Project**

The BLM considered two alternatives, as documented in the EA: the No Action Alternative and the Proposed Action.

### **PLAN CONFORMANCE AND CONSISTENCY:**

The Proposed Action is in conformance with multiple management objectives and decisions of the BLM MFO Record of Decision and Resource Management Plan (RMP), approved in November 2008 (BLM 2008a). The RMP provides for a variety of mineral exploration and development activities within the planning area. BLM's goals and objectives for management of mineral resources, as stated in the RMP, are to "continue to meet local and national energy and other public mineral needs to the extent possible," and to "provide opportunities for environmentally responsible exploration and development of mineral and energy resources subject to appropriate BLM policies, laws, and regulations" (BLM 2008a:79).

Specific management decisions in the RMP include those pertaining to locatable minerals (BLM 2008a:82–83). The RMP identifies lands available for mineral entry and makes recommendations for withdrawal. All public domain lands in the MFO overlying federal minerals are available for operations conducted under the mining laws unless specifically withdrawn (Management Decisions Min-4, Min-16, and Min-17, BLM 2008a:82). The proposed Daneros project area is not recommended in the RMP for withdrawal and remains open to mineral entry under the General Mining Law of 1872, as amended.

The BLM's primary purpose for considering the Proposed Action is to "evaluate all operations authorized by the mining laws in the context of its requirement to prevent unnecessary or undue degradation of Federal lands and resources" and to ensure that "consistent with the rights afforded claimants under the mining laws, operations will conform to the management prescriptions in the plan" (BLM 2008a: 82–83; Min-18).

### **FINDING OF NO SIGNIFICANT IMPACT DETERMINATION:**

Based upon a review of the EA and the supporting documents, I have determined that the project is not a major federal action and will not significantly affect the quality of the human environment, individually or cumulatively with other actions in the general area. No environmental effects meet the definition of significance in context or intensity as defined in 40 CFR 1508.27, and do not exceed those effects as described in the MFO Proposed Resource Management Plan (RMP) and Final Environmental Impact Statement (FEIS) (BLM 2008b). Therefore, an environmental impact statement is not needed. This finding is based on the context and intensity of the project as described below.

#### **Context:**

The Daneros mine project is a site-specific action directly involving approximately 4.5 acres of BLM-administered land that by itself does not have international, national, regional, or state-wide importance. The project is located in a remote but easily accessible area of San Juan County, Utah, where uranium mining has occurred in the past. Three small uranium mines are located in Bullseye Canyon within 0.5 mile of the proposed mine location. The proposed mine would occupy a portion of one of the old waste rock dumps. Ore would be trucked 65 miles and processed at Denison Mines' fully licensed conventional uranium mill located on White Mesa approximately six miles south of Blanding, Utah. Mill production and/or maintenance operations have continued since 1980.

**Intensity:**

The following discussion is organized around the Ten Significance Criteria described in 40 CFR 1508.27 and incorporated into BLM's Critical Elements of the Human Environment list (H-1790-1), and supplemental Instruction Memorandum, Acts, regulations and Executive Orders. The following have been considered in evaluating intensity for this proposal:

**1. Impacts may be both beneficial and adverse.**

The environmental impacts of the Proposed Action are fully disclosed in the EA. Mitigating measures to reduce impacts were incorporated into the Proposed Action. None of the environmental effects discussed in detail in the EA and associated appendices are considered significant, nor do the effects exceed those described in the MFO Proposed RMP/FEIS (BLM 2008b).

Adverse effects include minor impacts to air quality, vegetation, soils, desert bighorn sheep, visual resources, recreation, and human health and safety that would occur during the seven-year mine operation. Closure of the old McCarty–Coleman Decline and reclamation of a part of the old waste rock dump would result in minor beneficial cumulative impacts to water quality, air quality, and human health and safety. Minor beneficial impacts to non-motorized recreationalists would result from the seven-year restriction of public access on County Road D0029. Uranium produced from the project would be used to generate electricity by cleaner nuclear fuel technologies which may result indirectly in a small beneficial reduction in global carbon dioxide levels.

**2. The degree to which the selected alternative will affect public health or safety.**

The issue of human health and safety is analyzed in detail in the EA. Direct adverse effects considered include health risks for workers and the general public from radiation hazards and transportation. The indirect effects from processing Daneros ore at the White Mesa Mill site were also considered. These impacts are expected to be minimal based on the protective measures described in the Proposed Action and those measures incorporated within the permits and licenses issued by various state and federal agencies overseeing milling operations. Closure of the old McCarty–Coleman Decline and reclamation of a part of the old waste rock dump would have a minor beneficial effect by reducing the public's exposure to radiation on site.

**3. Unique characteristics of the geographic area such as proximity to historic or cultural resources, park lands, prime farm lands, wetlands, wilderness, wild and scenic rivers, or ecologically critical areas.**

As listed in Appendix A of the EA, the following Critical Elements of the Human Environment will not be affected because they are not present in the project area: Areas of Critical Environmental Concern (ACEC), Prime or Unique Farmlands, Wetlands or Riparian Zones, Wild or Scenic Rivers, and Designated Wilderness or Wilderness Study Areas (WSA). Cultural resource inventories were conducted for the Area of Potential Effect (APE). No National Register of Historic Places (NRHP)-eligible or otherwise significant cultural resources were found in the APE. No historic properties would be affected by the Proposed Action.

**4. The degree to which the effects on the quality of the human environment are likely to be highly controversial.**

Public input regarding the Proposed Action has been solicited through a scoping and public review process initiated in September 2007. The MPO was made available to several federal, state, and local agencies and the general public for a 30-day review and scoping period beginning on November 12, 2008. As stated in Section 1.7 of the EA, the BLM received 12 responses during the scoping period which helped focus detailed analysis in the EA to the following four issues: air quality, water quality, wildlife, and human health and safety. The EA was released for a 30-day public review and comment period, which ended on April 13, 2009, during which the BLM received six written comment letters, two from members of the general public, two from organizations, and two from state or local governmental entities.

Three respondents were in favor of the project because of its economic benefits to the local community. One respondent, the Utah Division of Water Rights, commented that mining disturbance may impair existing water rights and recommended monitoring of Bullseye Spring and Well. The BLM added a discussion of impacts to the water quantity section of the EA and accepted the State's recommendation to require water monitoring. Two organizations, Southern Utah Wilderness Alliance and Uranium Watch, raised several concerns about the adequacy of the EA, including alternatives considered and impacts to air quality, water quality, and human health and safety.

Several changes were made to the EA as a result of public comments. Changes ranged from minor editorial corrections to additional discussion of environmental impacts, none of which resulted in identification of significant new impacts or affected the scope of the analysis. The BLM's responses to public comments, including required changes to the EA, are summarized in Appendix M of the EA.

As a consequence of the recent IBLA decision (IBLA 2010-138), the BLM has revised the EA to analyze indirect impacts of processing Daneros ore at the White Mesa Mill.

Although changes were made to the EA to address public concerns about the project and to address the indirect impacts of ore milling as a result of the recent IBLA decision, it is likely that the project will remain contentious for certain groups or members of the public who are generally opposed to uranium mining in this part of Utah. However, based on the number and content of the comments received from the public, the effects on the quality of the human environment are not considered highly controversial.

**5. The degree to which the possible effects on the human environment are highly uncertain or involve unique or unknown risks.**

The Proposed Action is not unique or unusual. Uranium mining and ore processing has a long history in southeast Utah and other parts of the Colorado Plateau. The environmental effects to the human environment are fully analyzed in the EA. There are no predicted effects on the human environment that are considered to be highly uncertain or involve unique or unknown risks.

**6. The degree to which the action may establish a precedent for future actions with significant effects or represents a decision in principle about a future consideration.**

The Proposed Action neither establishes a precedent for future BLM actions with significant effects nor represents a decision in principle about a future consideration.

**7. Whether the action is related to other actions with individually insignificant but cumulatively significant impacts – which include connected actions regardless of land ownership.**

No individually or cumulatively significant impacts were identified for the Proposed Action. A complete disclosure of the effects of the project is contained in Chapter 4 of the EA. The minor adverse and beneficial impacts identified for the Proposed Action, in conjunction with any impacts of other past, present, or reasonably foreseeable future actions will have negligible cumulative impacts on the human environment.

**8. The degree to which the action may adversely affect districts, sites, highways, structures, or other objects listed in or eligible for listing in the National Register of Historic Places or may cause loss or destruction of significant scientific, cultural, or historical resources.**

Intensive cultural resource inventories were conducted for the APE, including buffer areas around all project components and access roads. No Historic Properties (NRHP-eligible sites) were found in the APE. The Utah State Historic Preservation Office (USHPO) was consulted pursuant to Section 106 of the National Historic Preservation Act (NHPA), and that office concurred with the BLM's findings that no historic properties would be affected. Consultations were also conducted with 15 tribal entities in order to identify any concerns related to traditional cultural properties or sacred sites. No specific sites or areas of concern to the tribes were identified as a result of these consultations. The project will not adversely affect districts, sites, highways, structures, or other objects listed in or eligible for listing in the National Register of Historic Places, nor will it cause loss or destruction of significant scientific, cultural, or historical resources.

**9. The degree to which the action may adversely affect an endangered or threatened species or its habitat that has been determined to be critical under the Endangered Species Act of 1973, or the degree to which the action may adversely affect: 1) a proposed to be listed endangered or threatened species or its habitat, or 2) a species on BLM's sensitive species list.**

Based on surveys and habitat assessment conducted by SWCA Environmental Consultants in May 2008 (see Appendix B of the EA), it was determined that none of the 10 federally listed species have the potential to occur within the proposed project area (PPA). The habitat is not suitable for any of the listed species and is not within any designated critical habitat for Mexican spotted owls or the four endangered fish species. The site survey indicates there are no federally listed or BLM special-status plant species within the PPA. Consultation with the U.S. Fish and Wildlife Service is not required since there are no known threatened or endangered species and associated habitat within or near the PPA, and listed species would not be affected by the Proposed Action.

**10. Whether the action threatens a violation of a federal, state, local, or tribal law, regulation or policy imposed for the protection of the environment, where non-federal requirements are consistent with federal requirements.**

The project does not violate any known federal, state, local, or tribal law or requirement imposed for the protection of the environment. Federal, state, local, and tribal interests were given the opportunity to participate in the environmental analysis process. Although several comments were received, none of the respondents identified a violation of applicable environmental laws, regulations, or other requirements. In addition, the project is consistent with applicable land management plans, policies, and programs.

**DECISION:**

It is my decision to authorize UEC's Mining Plan of Operations (MPO) for the Daneros Mine, as analyzed under the Proposed Action of the EA. This decision is contingent upon: 1) UEC fulfilling environmental commitments by implementing all protective mitigation measures incorporated into its MPO and by adhering to the mitigation measures described in the EA and stipulated in Attachment A of this decision and, 2) UEC implementing the monitoring requirements in Attachment B of this decision.

**Authorities:**

The authority for this decision is contained in the Federal Land Policy and Management Act (FLPMA) of 1976.

**Compliance and Monitoring:**

The BLM will routinely inspect operations to verify compliance with the approved MPO and regulations at 43 CFR 3809 and 3715.

The specific monitoring programs that UEC will be required to implement are listed in Attachment B. These include the monitoring programs proposed by UEC in its MPO, as well as others required by the BLM as conditions of approval.

**Terms / Conditions / Stipulations:**

Potential impacts are mitigated through environmental commitments which are integral to the Proposed Action. These protective/mitigation measures are incorporated into UEC's MPO. The Proposed Action also incorporates the requirements of all applicable federal, state, and local laws, regulations, and permits as specified in Section 1.6 of the EA, and all applicable management actions prescribed in the BLM land use plan, including best management practices, standard operating procedures, and stipulations. One additional mitigation measure (stockpiling of inert waste rock) was identified and described fully in the EA. This measure was designed to mitigate minor impacts associated with the waste rock dump.

The conditions of approval that BLM has chosen to include in this decision are stipulated in Attachment A. The conditions of approval include the mitigation measure identified in the EA as well as specific environmental commitments and standard conditions incorporated into the Proposed Action.

**Alternatives Considered:**

The EA considered two alternatives: the No Action Alternative and the Proposed Action Alternative. BLM has selected the Proposed Action Alternative. The No Action Alternative was not selected because the No Action Alternative does not meet the purpose and need for this project. According to 43 CFR 3809.411(d)(3), the proponent has a valid and existing right to develop the uranium resource if done so in an environmentally responsible manner. The environmental analysis documented in the EA shows that the Proposed Action would cause only minor environmental impacts and would not cause unnecessary or undue degradation of public lands, thereby precluding the need to select the No Action Alternative.

Section 2.4 was added to the EA for the purpose of considering an action alternative which was suggested by the public. Under this alternative, UEC would be required to clean up the old waste rock dump at the McCarty–Coleman Decline before commencing new mining activity. This alternative was not carried forward for detailed analysis because, as stated in Section 2.4 of the EA, this alternative is not needed to resolve conflicts or mitigate impacts of the Proposed Action and it does not meet the underlying need for the proposal.

**Rationale for Decision:**

As explained previously, the Proposed Action is in conformance with the management decisions in the MFO RMP, approved in November 2008 (BLM 2008a). Approval of UEC's Mining Plan of Operations, with stipulations, would allow UEC to mine a valuable deposit of uranium under the authority of the mining laws of the United States while ensuring that operations are conducted in a manner that will prevent unnecessary or undue degradation as defined at 43 CFR 3089.5. The BLM has determined that the Daneros Mine operations will not cause unnecessary or undue degradation of public lands for the following reasons:

- Adherence to the approved Mining Plan of Operations would meet the performance standards at 43 CFR 3809.420.
- Operations are reasonably incident to prospecting, mining, or processing operations as defined at 43 CFR 3715.0-5.
- Based on the environmental analysis as documented in the EA, the Daneros mining operations, with proposed and required mitigation, would have minor impacts on the human environment.

Public input regarding the Proposed Action was solicited through a scoping and public review process initiated in September 2007. The MPO was made available to several federal, state, and local agencies and the general public for a 30-day review and scoping period beginning on November 12, 2008. The BLM received 12 responses during the scoping period which helped focus detailed analysis in the EA to the following four issues: air quality, water quality, wildlife and human health and safety. The EA was released for a 30-day public review and comment period, which ended on April 13, 2009, during which the BLM received a total of six written comment letters; two from individual members of the general public, two from organizations and two from state or local governmental entities.

Each comment was carefully reviewed by the BLM. Responses were prepared for each comment and are summarized in Appendix M of the EA. Several changes were made to the EA as a result of public comments. Changes ranged from minor editorial corrections to additional discussion of environmental impacts, none of which resulted in the identification of significant new impacts or affected the scope of analysis. As a result of public comments, the following changes were made

to the EA: 1) a discussion of impacts resulting from restricting public access on County Road D0029 was added to Appendix A; 2) information was added to the air quality section, including updated estimates of criteria pollutant emissions from the project; 3) a discussion of impacts associated with the proposed temporary use of water from Fry Spring for dust suppression was added to Chapter 4 under water quality; 4) a discussion of potential impacts to the Bullseye Spring and Well was added to Chapter 4 under water quantity; and 5) Section 2.4 was added to consider an action alternative which would require UEC to clean up the old waste rock dump before commencing new mining activity.

On May 26, 2009, the Bureau of Land Management (BLM), Monticello Field Office (MFO) Manager signed a Finding of No Significant Impact (FONSI) and Decision Record (DR) approving the Utah Energy Corporation's (UEC) Plan of Operations to open the Daneros Uranium Mine. On March 31, 2010, the BLM Utah State Director issued a decision denying a Southern Utah Wilderness Alliance (SUWA) request for State Director Review (SDR) and upheld the MFO FONSI/DR approving the Daneros Mine Plan of Operations. The SUWA then appealed the decision by the State Director to the Interior Board of Land Appeals (IBLA). On June 3, 2011 the IBLA issued its decision (IBLA 2010-138), affirming in part and reversing in part, the State Director's decision denying SUWA's request for SDR. In light of the recent IBLA decision, the BLM has revised the environmental assessment (EA No.UT-090-07-43) to include additional environmental analysis of indirect impacts from processing Daneros ore at the White Mesa Mill (specific issue reversed by IBLA).

The primary changes to the EA were made to chapter 4 to provide analysis of the potential indirect impacts of ore processing. The potential indirect impacts identified for analysis involve: air quality, water quality, and human health and safety. The BLM also considered the potential indirect impacts to cultural resources and the indirect impacts to minority and low income populations as documented in the interdisciplinary checklist (Appendix A). As a result of this analysis of indirect impacts, it is concluded that there would be negligible indirect impacts attributable to the processing of ore from the Daneros Mine at the White Mesa Mill.

All revisions made to the EA as a result of the IBLA decision are highlighted gray in the text of the EA document and Appendix A.

**Appeals Language:**

This decision may be appealed to the Interior Board of Land Appeals (IBLA) in accordance with the regulations contained in 43 CFR, Part 4 and the enclosed Form 1842-1. If an appeal is taken, your Notice of Appeal must be filed in this office, Utah State Office, P.O. Box 45155, Salt Lake City, Utah 84145-0151 or Utah State Office, 440 West 200 South, Suite 500, Salt Lake City, Utah 84101 within 30 days from receipt of this decision. The appellant has the burden of showing that the decision appealed from is in error. Enclosed is BLM Form 1842-1 that contains information of taking appeals to IBLA.

  
Juan Palma  
State Director

**JUN 28 2011**

\_\_\_\_\_  
Date

## **ATTACHMENT A**

### **Conditions of Approval Daneros Mine Plan of Operations**

1. UEC shall stockpile the inert waste rock removed from the two ventilation shafts. The shaft waste rock will be used for reclamation purposes as additional cover material applied evenly over the graded waste rock dump prior to applying topsoil. The stockpile shall be located within the area of potential affect (APE) which has been previously surveyed for cultural resources.
2. All waste rock will be checked with a gamma meter prior to disposal to ensure that material placed on the dump does not exceed 0.015 percent U3O8. Any sub-ore material exceeding 0.015 percent U3O8 will be placed in an interim stockpile and mixed with ore and shipped to the mill, or placed back in worked-out areas of the mine.
3. All operations shall be conducted in a manner that complies with pertinent federal, state, and local laws and regulations, including all permit requirements.
4. UEC will provide BLM with a copy of permits, plans, and monitoring reports issued or required by other local, state, and federal entities, including: U.S. Department of Labor Mine Safety and Health Administration (MSHA) mine permits, plans, and monitoring reports; State of Utah stream alteration permit, Utah Pollution Discharge Elimination System (UPDES) permit, water well permit, water right allocation; and San Juan County building permit.
5. UEC shall implement dust suppression measures including tarping of truck beds on ore haul trucks prior to leaving the mine, and application of water and/or other approved dust suppressants on the mine haulage road and other areas of the mine.
6. UEC shall implement all control measures in its Fugitive Dust Control Plan throughout the life of the operation.
7. The ore haulage contractors shall obtain all necessary permits and clearances, following U.S. Department of Transportation and Utah Department of Transportation regulations including establishment of an Emergency Response Plan.
8. UEC shall consult with the San Juan County Road Department for the placement and installation of all safety and directional signs and cattle guards on county roads.
9. UEC shall obtain any necessary gravel for the truck haul route from an authorized county material source and shall coordinate with the San Juan County Road Department prior to use.
10. Buildings and other facilities shall be painted a BLM-approved color from either the chart of Standard Environmental Colors or the chart of Supplemental Environmental Colors.

11. All chemicals and hydrocarbon products (including used oil) shall be contained and controlled in accordance with proposed containment measures and the Spill Prevention Control and Countermeasure (SPCC) Plan prepared pursuant to 40 CFR 112.
12. The BLM Hazardous Material Coordinator shall be notified as soon as possible if a spill occurs during ore transport or if an incident occurs resulting in the spill of petroleum products. Spill containment shall be initiated immediately and contaminated material shall be moved to the nearest approved landfill or disposal facility as appropriate.
13. In accordance with 29 CFR 1910.1200(g), UEC shall maintain a file containing Material Safety Data Sheets (MSDS) for all chemicals, compounds, and/or substances which are utilized during the course of construction, mining, and reclamation operations. This file shall be available for reference and inspection at all times at the site.
14. A roll-off container for disposal of solid waste shall be located on site. All solid waste shall be placed in the container and transported to an approved land fill.
15. Any solid wastes that qualify as low-level wastes for radiation contamination, per Nuclear Regulatory Commission (NRC) guidelines (i.e., not a product or a by-product of ore extraction or production), shall be handled in accordance with the Low-Level Radioactive Waste Policy Amendments Act of 1985 at an NRC-approved facility.
16. Recycling of applicable materials such as batteries, scrap metal, used oils, tires, and antifreeze shall take place during mine operations.
17. If a solvent station is installed to clean parts, it shall consist of a sink mounted on a small drum of solvent. The solvent shall be recycled to the drum after each use.
18. The operator shall immediately notify the BLM authorized officer of any cultural resources discovered as a result of operations under this authorization. The operator shall suspend all activities in the vicinity of such discovery and protect it until notified to proceed by the authorized officer.
19. All UEC employees and subcontractors must be informed by UEC before commencement of operations that any disturbance to, defacement of, or collection or removal of archaeological, historic, or sacred material will not be permitted and persons knowingly disturbing historic or archaeological sites will be subject to prosecution.
20. The BLM authorized officer must be notified by telephone immediately if human remains, funerary items, sacred objects, or objects of cultural patrimony are discovered. Further, the operator must stop activities in the vicinity of the discovery and protect it until notified to proceed by the authorized officer.
21. If vertebrate fossil(s) are encountered during mining operations, UEC shall immediately cease work in that area of the mine and notify the BLM authorized officer of the discovery.
22. UEC shall implement reclamation measures specified in its MPO but shall increase its proposed seed broadcast rate from 2 lbs/acre to 4 lbs/acre.

23. All topsoil shall be salvaged from disturbed areas and stockpiled prior to surface-disturbing activities.
24. All drill holes shall be plugged in accordance with Utah Division of Oil, Gas and Mining Rule R647-2-108.
25. As part of site reclamation, UEC shall excavate the ore stockpile area to remove all radionuclide-bearing rock with values above background. The rock shall either be transported to the White Mesa Mill for treatment or shall be returned to the mine workings.
26. UEC shall implement a Storm Water Pollution Prevention Plan and shall install erosion control devices before stripping of topsoil and grading. Erosion and sediment control devices shall be maintained throughout the life of the mining operations.
27. Safety signs and a gate shall be installed on County Road D0029 at the entrance to the mine to allow access by authorized mine personnel only.
28. UEC shall not install road signs directing the public onto County Road D5319.
29. UEC's Weed Control Plan shall be implemented throughout the life of the mining operation and during reclamation.
30. If necessary, UEC shall consult with the BLM and County weed control staff regarding problematic weed infestation areas, and appropriate control measures will be agreed upon prior to initiation.
31. Water samples shall be taken and analyzed from the new well and a report shall be submitted to BLM prior to using water for dust suppression.
32. Ore haul trucks shall be checked for radiation levels prior to leaving the mine site and the mill site on the return leg. If gamma readings are found to exceed the standards of Title 49 CFR 173, (that the external dose rate may not exceed an external radiation level of 1,000 millirems per hour [mrem/hr] at 3 meters from the unshielded material), the ore truck shall be cleaned using power wash or other method to meet appropriate radiation standards.
33. Portable sanitation facilities shall be provided on site during mining and reclamation operations and disposal shall be at an approved facility.
34. The mine shall operate in accordance with federal regulations that are designed to protect the mine workers and general public from radiation exposure.
35. Workers shall be protected through establishment of adequate ventilation and monitoring of radiation levels in the underground work areas in accordance with MSHA regulations at Title 30 CFR 57.5037 and Title 30 CFR 57.5047.
36. UEC shall notify BLM of temporary cessation of operations and shall secure the site using locked closures on all mine openings and buildings, and by maintaining structures, equipment, and facilities in an otherwise safe and environmentally acceptable condition.

37. No surface-disturbing activities or occupancy are allowed from April 1 to June 15 for lambing and from October 15 to December 15 for rutting desert bighorn sheep. The BLM Field Manager may grant an exception if it is determined that the animals are not present in the project area or the activity can be completed so as to not adversely affect the animals.
38. During times of temporary cessation (longer than one month), the entrance to the mine will be closed to exclude bats from entering the mine. The preferred method for exclusion of bats from an adit or shaft is to block the portal or collar with 1-inch-diameter chicken wire.
39. Raptor management will be guided by *Best Management Practices for Raptors and Their Associated Habitats in Utah* (BLM 2008b:Appendix M). If mining operations are scheduled to begin between the dates of January 1 and September 31, raptor surveys will be required prior to operations. Field surveys will be conducted as determined by the authorized officer of the BLM. Based on the result of the field survey, the authorized officer will determine if appropriate buffers and timing limitations are necessary.
40. Underground mine equipment with internal combustion engines shall meet MSHA emission standards.
41. The generator must meet strict U.S. Environmental Protection Agency (EPA) New Source Performance Standards for emissions at 40 CFR Part 60.
42. Stationary mine equipment located on the surface, such as generators, with internal combustion engines of less than or equal to 300 design-rated horsepower must not emit more than 2 grams (g) of nitrogen oxides (NO<sub>x</sub>) per horsepower-hour. Equipment with 300 design-rated horsepower must not emit more than 1 g of NO<sub>x</sub> per horsepower-hour. This requirement does not apply to engines of less than or equal to 40 design-rated horsepower.
43. UEC shall use clean low-sulfur fuels for all diesel engines.

## **ATTACHMENT B**

### **Compliance and Monitoring Requirements Daneros Mine Plan of Operations**

1. UEC shall monitor flow rates at the Bullseye Spring and Well on a quarterly basis beginning immediately prior to mine development and continuing until reclamation is completed. An annual report shall be submitted to the BLM. Copies of the reports shall be submitted to the water rights owner. If it is determined that flow rates are diminished as a result of mining activity, UEC shall be required to mitigate potential damage to the livestock operations through a replacement well or other water replacement measures to be determined by BLM in consultation with the Division of Water Rights.
2. Composite samples shall be made from quarterly waste rock grab samples taken from the waste rock dump and analyzed once per year to ensure that the material is still considered inert. This data and an annual summary report shall be provided to the BLM. If waste rock sampling indicates acid forming potential, UEC shall prepare and submit a mitigation plan to the BLM for approval.
3. UEC shall measure radon levels and flow rates in the mine exhaust air consistent with the standards of EPA regulations at 40 CFR Part 61. This data would then be input into an EPA air-modeling program to predict radiation levels at the nearest residence. The collected data and modeling results shall be reported annually to the Utah Division of Air Quality. UEC shall provide copies of these reports to the BLM.
4. Personal monitoring and active ventilation for radon emissions and gamma exposure rates in the mine workings shall be implemented as required by MSHA safety provisions.
5. UEC shall implement the monitoring and control measures outlined in the Noxious Weed and Invasive Plant Control Plan. Annual reports shall be submitted to the BLM and San Juan County pursuant to Section 8.0 of the Plan.
6. A gamma survey by a certified Radiation Safety Officer shall be conducted on the waste rock dump after application of cover material and prior to seeding. The survey report shall be submitted to BLM. If the gamma radiation dose, assuming a 14-day exposure period, is found to exceed 0.1 mrem/yr over background, then UEC shall apply additional cover material to meet this standard
7. All waste rock will be checked with a gamma meter prior to disposal to ensure that material placed on the dump does not exceed 0.015 percent U3O8. Any sub-ore material exceeding 0.015 percent U3O8 will be placed in an interim stockpile and mixed with ore and shipped to the mill, or placed back in worked-out areas of the mine.

**J3**  
**Small Mine Permit/Mine and Reclamation Plan**  
**(S/037/0121)**



GARY R. HERBERT  
Governor

GREGORY S. BELL  
Lieutenant Governor

# State of Utah

## DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER  
Executive Director

### Division of Oil, Gas and Mining

JOHN R. BAZA  
Division Director

February 15, 2012

Denison Mines (USA)  
1050 17<sup>th</sup> Street, Suite 950  
Denver, Colorado 80265

Subject: Approval of Amended Notice to Commence Small Mining Operations, Denison Mines (USA), Daneros Mine, S/037/0121, San Juan County, Utah

Dear Ms. Woodward:

The Division of Oil, Gas and Mining finds your amended Notice of Intention to Commence Small Mining Operations (NOI) complete. You are now permitted to conduct small mining activities as outlined in the amended NOI, provided you have approval from all other appropriate agencies. The approval or acceptance of a complete NOI does not relieve an operator from his responsibility to comply with the applicable statutes, rules, regulations, and ordinances of all local, state and federal agencies with jurisdiction over any aspect of the operator's mining operations. Enclosed please find a copy of the approved amendment.

You are still bound by the same obligations and standards as with the original approval.

The Division's web page at <http://ogm.utah.gov> under the Minerals Program has a link to the rules under which you are expected to operate and to other information to assist you in complying with program requirements. Thank you for your cooperation. In reply, please refer to file number S/0370/0121. If you have questions or concerns regarding this letter, please contact me at 801-538-5261 or Tom Munson at 801-538-5321. Best wishes with your mining venture.

Sincerely,

Paul B. Baker  
Minerals Program Manager

PBB: tm: eb

Enclosure: Copy of approved amended NOI

cc: Tmcdouga@blm.gov

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**J4**

**Approval for Construction under 40 CFR Part 61  
Subparts A and B (Radon NESHAPs)  
(DAQE-AN144920002-14, Site ID 14509)**



State of Utah

GARY R. HERBERT  
Governor

GREG BELL  
Lieutenant Governor

Department of  
Environmental Quality

Amanda Smith  
Executive Director

DIVISION OF AIR QUALITY  
Bryce C. Bird  
Director

RECEIVED

MAY 25 2012

Per \_\_\_\_\_

May 23, 2012

DAQC-611-12  
Site ID 14509

Sent Via Certified Mail No. 7004251000375519078

David Frydenlund  
Denison Mines (USA) Corporation  
1050 17<sup>th</sup> Street, Suite 950  
Denver, Colorado 80265

Re: Approval for Construction under 40 CFR Part 61 Subparts A and B

Dear Mr. Frydenlund:

The Utah Division Air Quality (DAQ) is granting approval to Denison Mines (USA) Corporation, in accordance with provisions of the Clean Air Act, as amended (42 U.S.C. § 7401 *et seq.*), and regulations promulgated thereunder, to modify the Daneros Underground Uranium Mine in accordance with the plan submitted to the DAQ on April 30, 2012. This Approval, which is enclosed, ensures that the mine is in compliance with the National Emissions Standards for Hazardous Air Pollutants, 40 CFR Part 61, Subparts A and B (National Emission Standards for Radon Emissions from Underground Mines), adopted in Utah Administrative Code R307-214-1.

Since the Daneros Underground Uranium Mine is now expected to produce over 100,000 tons over the lifetime of the mine, the designation for underground mines as specified in 40 CFR 61.20 (a) and (b) are applicable to this mine.

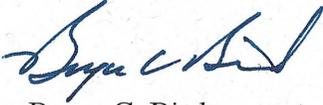
The attached Approval to Construct includes conditions of approval to ensure the facility operates in compliance with the standard at 40 CFR §61.22, which requires that "emissions of radon-222 to the ambient air from an underground mine shall not exceed those amounts that would cause any member of the public to receive in any year an effective dose equivalent to 10 mrem/year." Additionally, failure to comply with any condition or term set forth in this approval or in the regulations, or failure to meet this standard, will be considered grounds for an enforcement action.

DAQC-611-12

Page 2

This approval shall become effective immediately upon Denison Mines (USA) Corporation receipt of the Approval to Construct. If you have any questions, or for further discussion, please contact Sarah Malluche of my staff at (801) 563-4046 or smalluche@utah.gov.

Sincerely,

A handwritten signature in blue ink, appearing to read "Bryce C. Bird".

Bryce C. Bird,  
Director

BCB:SLM:bp

Enclosure: Approval to Construct, with conditions

cc: Region VIII, Stephen Tuber, Assistance Regional Administrator

**TERMS AND CONDITIONS  
APPROVAL OF MODIFICATION FOR THE DANEROS MINE**

**I. General Approval**

- A. This Approval applies to the Denison Mines (USA) Corporation underground uranium mine located at:

Valley of the western edge of the Wingate Mesa, southwest, of Fry Canyon, in San Juan County, Utah

Specifically, the Daneros Mine claims lie in:

Section 6, Township 37 South, Range 16 East, Salt Lake Meridian, and  
Section 18, Township 37 South, Range 16 East, Salt Lake Meridian

- B. Denison Mines (USA) Corporation, Inc. (Denison Mines), as owner and/or operator of the mine, is approved to modify the Daneros Mine located within the State of Utah.
- C. This Approval of modification requires that the Daneros Mine meet the standard at 40 CFR §61.22, as follows: Emissions of radon-222 to the ambient air from an underground uranium mine shall not exceed those amounts that would cause any member of the public to receive in any year an effective dose equivalent of 10 mrem/year.
- D. This Approval of modification requires that Daneros Mine comply with all requirements in 40 CFR Part 61 Subpart B.

**II. Approval Limitations**

- A. This Approval of modification will remain in effect as long as the Daneros Mine is operated as an active underground uranium mine by Denison Mines (USA) Corporation. In the event that ownership of Daneros Mine is transferred from Denison Mines (USA) Corporation to a new company, this Approval may be transferred to the new owner only if operation continues as approved by Utah Division of Air Quality (DAQ). Any changes made at Daneros Mine that constitute a modification or construction require the submittal of a Modification/Construction Approval request to DAQ and prior approval by DAQ, as required by 40 CFR §61.07.
- B. Denison Mines (USA) Corporation may submit to the DAQ's Director a written application for determination of whether an action intended to be taken by Denison Mines (USA) Corporation constitutes a modification or construction of a source subject to 40 CFR Part 61, Subpart B, pursuant to 40 CFR §61.06. The Director will notify Denison Mines (USA) Corporation of his/her determination of whether the intended action constitutes modification or construction, requiring an Application for Construction or Modification under 40 CFR §61.07.
- C. If Denison Mines (USA) Corporation elects to model a reduced occupancy time for exposure to the nearest resident, they shall submit to DAQ for approval a plan detailing how the reduced

occupancy time is verified. The plan must be approved by DAQ prior to it being used in the annual report required by 40 CFR 61.24.

### **III. Facility Operation**

- A. Denison Mines (USA) Corporation will utilize meteorological data from the Bullfrog Marina Weather station, located 48 kilometers (30 miles) west of the mine. The meteorological station will be utilized to collect wind rose data.
- B. Denison Mines (USA) Corporation shall prepare Quality Assurance Project Plans (QAPPs) for the radon monitors, in conformance with the programs described for Continuous Radon Monitors and Alpha Track Detectors in EPA 520/1-89-009 (40 CFR Part 61 Appendix B, Method 115 1.2.4).

The QAPPs shall be submitted to the Director for approval of data collection.

### **IV. Monitoring, Reporting, and Recordkeeping Requirements**

- A. Denison Mines (USA) Corporation shall monitor the radon discharge concentration continuously whenever the mine ventilation system is operational, in accordance with 40 CFR §61.23 and Test Method A-6, of Appendix B, Method 115. [Note: prior approval for another method to be used at this mine, such as Method A-7 Alpha Track Detectors, must be approved by the EPA Administrator prior to use.]
- B. Denison Mines (USA) Corporation shall measure each mine vent exhaust flow rate at least four times per year, as required by 40 CFR Part 61 Appendix B, Method 115 1.1.1(b). The measurements shall be taken to represent operating conditions during venting. Test Method 2 of Appendix A to 40 CFR Part 60 should be used to determine velocity and volumetric flow rates (40 CFR Part 61 Appendix B, Method 115 1.2.2).
- C. Denison Mines (USA) Corporation shall use 40 CFR Part 61, Appendix B, Method 115 1.1.1(c), to calculate and record a weekly radon-222 emission rate for the mine.
- D. Denison Mines (USA) Corporation shall use 40 CFR Part 60, Appendix A, Method 1 to determine velocity traverses. The sampling point in the duct shall be either the centroid of the cross section or the point of average velocity (40 CFR Part 61 Appendix B, Method 115 1.2.1).
- E. Denison Mines (USA) Corporation shall submit annual reports in accordance with 40 CFR §61.24 while the mine is active. The reports shall cover the emissions of a calendar year and shall be sent to DAQ by March 31 of the following year. An "Active" mine means "an underground uranium mine which is being ventilated to allow workers to enter the mine for any purpose" (40 CFR §61.21(a)).
- F. Denison Mines (USA) Corporation shall maintain the records specified in 40 CFR §61.25, either at the mine or in Denison Mines (USA) Corporation offices, for at least five years, and upon

request, make the records available for inspection by the Director or his/her authorized representative.

**V. Notification of Commencement of Construction and Startup**

A. Denison Mines (USA) Corporation shall furnish the Director with written notification as follows:

1. A notification of the anticipated date of initial startup of the source not more than 60 days and not less than 30 days before that date. (40 CFR. §61.09(a)(1)).
2. A notification of the actual date of initial startup of the source within 15 days after that date. (40 CFR §61.09(a)(2)).

**VI. Severability**

The provisions of this Approval of modification are severable and, if any provision of this Approval to Construct is held invalid, the remainder of this Approval shall not be affected thereby.

**VII. Other Applicable Regulations**

This approval does not prevent the Director from implementing or enforcing all applicable provisions in 40 CFR Part 61, Subparts A and B, and any other applicable regulation.

**VIII. Agency Correspondence**

All correspondence and notifications as required by this Approval for modification shall be sent to:

DAQ  
P.O. Box 144820  
195 North 1950 West, 4<sup>th</sup> Floor  
Salt Lake City, UT 84114-4820

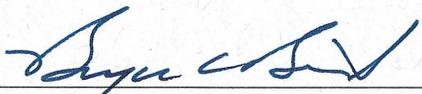
DANEROS MINE  
Approval to Construct  
Under  
40 CFR Part 61, Subparts A and B  
National Emission Standards for Radon Emissions from Underground Mines

In compliance with the provisions of the Clean Air Act, as amended (42 U.S.C. § 7401 et seq.), and the regulations promulgated thereunder, Denison Mines (USA) Corp., 1050 17<sup>th</sup> Street, Suite 950, Denver, CO 80265, is granted approval to modify the underground uranium mine located at the Daneros Mine, in San Juan County, Utah, as specified below in Section I of the Approval. This approval is granted in accordance with the plans and materials submitted with the April 30, 2012, Application and with the federal regulations governing the National Emissions Standards for Hazardous Air Pollutants 40 CFR Part 61, Subparts A and B, and the conditions attached to this document and made part of this approval.

Failure to comply with any conditions or terms set forth in this approval may result in enforcement procedures established by the Clean Air Act. This approval does not prevent the Director from implementing or enforcing applicable provisions in 40 CFR Parts 60 and 61 or any applicable federal, state or local regulations.

This approval to construct grants no relief to Denison Mines (USA) Corp. from the legal responsibility for compliance with any applicable provisions of 40 CFR Part 61 Subparts A and B, or any other applicable federal, state or local requirement.

Date 5/22/2012

  
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Bryce C. Bird  
Director

**J5**

**Approval Order for a New Underground  
Uranium Mine San Juan County (Air Permit)  
(Project No. N14492-0002)**



State of Utah

GARY R. HERBERT  
*Governor*

SPENCER J. COX  
*Lieutenant Governor*

Department of  
Environmental Quality

Amanda Smith  
*Executive Director*

DIVISION OF AIR QUALITY  
Bryce C. Bird  
*Director*

RECEIVED

JUL 11 2014

Per RS

DAQE-AN144920002-14

July 8, 2014

Harold Roberts  
Energy Fuels Resources (USA) Inc.  
225 Union Blvd., Suite 600  
Lakewood, CO 80228

Dear Mr. Roberts:

Re: Approval Order: Approval Order for a New Underground Uranium Mine  
Project Number: N14492-0002

The attached document is the Approval Order for the above-referenced project. Future correspondence on this Approval Order should include the engineer's name as well as the DAQE number as shown on the upper right-hand corner of this letter. The project engineer for this action is Mr. Maung Maung, who may be reached at (801) 536-4153.

Sincerely,

Bryce C. Bird  
Director

BCB:MM:sa

cc: Southeastern Utah District Health Department

**STATE OF UTAH**

**Department of Environmental Quality**

**Division of Air Quality**

**APPROVAL ORDER: Approval Order for a New Underground  
Uranium Mine**

**Prepared By: Mr. Maung Maung, Engineer  
Phone: (801) 536-4153  
Email: mmaung@utah.gov**

**APPROVAL ORDER NUMBER**

**DAQE-AN144920002-14**

**Date: July 8, 2014**

**Energy Fuels Resources (USA) Inc.  
Daneros Mine  
Source Contact:  
Frank Filas, Environmental Coordinator  
Phone: (303) 974-2146**



**Bryce C. Bird  
Director**

## Abstract

Energy Fuels Resources (USA) Inc. has requested an AO for Daneros Mine. The Daneros Mine is an underground uranium mine that began operations under a small source exemption in 2009. The company plans to add two new portal areas, to increase surface disturbance to 68 acres, and to expand ore production to 72,000 tpy.

The mine will consist of three portal areas, including the Daneros (existing), Bullseye, and South Portal areas. Each portal area will have an ore storage pile, development rock disposal areas (DRAs), diesel generators, diesel storage tanks, and mobile surface equipment such as: front-end loaders, dozers, and pickup trucks. There will be four diesel-fired generator engines for power generation. There will be one emergency diesel-fired generator engine for mine ventilation and emergency operations.

All five engines planned to be installed are subject to Part 60 Subparts A and IIII. The engines are also subject to Part 63 Subparts A and ZZZZ. However, for Part 63 Subpart ZZZZ they just need to comply with paragraph 63.6590(b)(3). The source is subject to NESHAP Part 61 Subparts A and B. It is a Title V area source.

The mine is located in the central portion of the Colorado Plateau in western San Juan County, Utah. The project site is located in Bullseye Canyon, approximately five miles southwest of Fry Canyon. No on-site physical or chemical mineral processing will take place; therefore, no tailings or mineral processing chemicals will be generated or stored on site.

San Juan County is an attainment area of all pollutants. The emissions, in tons per year, from the mine will be as follows:  $PM_{10} = 18.99$ ,  $PM_{2.5} = 4.10$  (subset of  $PM_{10}$ ),  $NO_x = 85.33$  (underground fugitives 24.00),  $SO_2 = 4.12$ ,  $CO = 140.18$  (underground fugitives 78.40),  $VOC = 7.06$ ,  $HAPs = 0.13$  and  $CO_2(e) = 16,829.10$ .

This air quality AO authorizes the project with the following conditions and failure to comply with any of the conditions may constitute a violation of this order. This AO is issued to, and applies to the following:

**Name of Permittee:**

Energy Fuels Resources (USA) Inc.  
225 Union Blvd., Suite 600  
Lakewood, CO 80228

**Permitted Location:**

Bullseye Canyon  
Five (5) miles southwest of Fry Canyon  
San Juan County, UT 84000

**UTM coordinates:** 571,053 m Easting, 4,161,271 m Northing, UTM Zone 12  
**SIC code:** 1094 (Uranium-Radium-Vanadium Ores)

### Section I: GENERAL PROVISIONS

- I.1 All definitions, terms, abbreviations, and references used in this AO conform to those used in the UAC R307 and 40 CFR. Unless noted otherwise, references cited in these AO conditions refer to those rules. [R307-101]
- I.2 The limits set forth in this AO shall not be exceeded without prior approval. [R307-401]
- I.3 Modifications to the equipment or processes approved by this AO that could affect the emissions covered by this AO must be reviewed and approved. [R307-401-1]

- I.4 All records referenced in this AO or in other applicable rules, which are required to be kept by the owner/operator, shall be made available to the Director or Director's representative upon request, and the records shall include the two-year period prior to the date of the request. Unless otherwise specified in this AO or in other applicable state and federal rules, records shall be kept for a minimum of two (2) years. [R307-401-8]
- I.5 At all times, including periods of startup, shutdown, and malfunction, owners and operators shall, to the extent practicable, maintain and operate any equipment approved under this AO, including associated air pollution control equipment, in a manner consistent with good air pollution control practice for minimizing emissions. Determination of whether acceptable operating and maintenance procedures are being used will be based on information available to the Director which may include, but is not limited to, monitoring results, opacity observations, review of operating and maintenance procedures, and inspection of the source. All maintenance performed on equipment authorized by this AO shall be recorded. [R307-401-4]
- I.6 The owner/operator shall comply with UAC R307-107. General Requirements: Breakdowns. [R307-107]
- I.7 The owner/operator shall comply with UAC R307-150 Series. Inventories, Testing and Monitoring. [R307-150]

**Section II: SPECIAL PROVISIONS**

**II.A The approved installations shall consist of the following equipment:**

- II.A.1 **Uranium Mine**  
Underground Mine
- II.A.2 **Portal areas - Daneros, Bullseye, and South Portal**  
Each portal area will have an ore storage pile, development rock disposal areas (DRAs), diesel generators, diesel storage tanks, and mobile surface equipment: such as front-end loaders, dozers, and pickup trucks. Additionally, the mine will keep haul trucks, motor graders, water trucks and tanker trucks as necessary at various locations.
- II.A.3 **Stockpiles - Daneros, Bullseye, and South Portal**  
Daneros portal area: ore stockpile - 3,000 square (sq.) feet, development rock stockpile - 84,000 sq. feet, top soil stockpile 2,100 sq. feet  
  
Bullseye portal area: ore stockpile - 4,500 sq. feet, development rock stockpile - 66,700 sq. feet, top soil stockpile - 21,400 sq. feet  
  
South portal area: ore stockpile - 20,800 sq. feet, development rock stockpile - 348,400 sq. feet, top soil stockpile - 33,900 sq. feet
- II.A.4 **Unpaved haul roads**  
Daneros portal area: one way 0.42 miles  
  
Bullseye portal area: one way 0.21 miles  
  
South portal area: one way 0.23 miles
- II.A.5 **Diesel-fired electric generator engines**  
Four (4) 455 kW generators, two at Daneros Portal area, one at Bullseye Portal area and one at South Portal area. The generator at Bullseye portal area will eventually be moved to the South Portal.

II.A.6           **Diesel storage tanks**  
Four 6,000 gallon above-ground self-contained diesel storage tanks. Two located at Daneros Portal, one at the Bullseye Portal, one at the South Portal. The storage tank at the Bullseye Portal will eventually be moved to South Portal.

II.A.7           **Diesel-fired electric generator engine**  
One 140 kW generator engine for emergency operations

**II.B           Requirements and Limitations**

II.B.1           **Requirements and Limitations**

II.B.1.a       Energy Fuels Resources (USA) Inc. shall notify the Director in writing when the installation of equipment and preparations for mine operations have been completed and have become operational. To ensure proper credit when notifying the Director, send your correspondence to the Director, attn: Compliance Section.

If the installation and preparations have not been completed within 18 months from the date of this AO, the Director shall be notified in writing on the status. At that time, the Director shall require documentation of the continuous installation and preparations and may revoke the AO.

[R307-401-18]

II.B.1.b       The following production/operating limits shall not be exceeded:

1.       72,000 tons of ore produced per rolling 12-month period
2.       1,000 hours of operation for portable emergency generator per rolling 12-month period

[R307-401-8]

II.B.1.b.1     To determine compliance with a rolling 12-month total, the owner/operator shall calculate a new 12-month total by the twentieth day of each month using data from the previous 12 months. Records of production shall be kept for all periods when the mine is in operation. Production limits shall be determined by delivery records to the mill. The records of production shall be kept on a daily basis. Records documenting generator usage shall be kept in a log; and they shall show the date the generator was used, the duration in hours of the generator usage, and the reason for the generator usage. [R307-401-8]

II.B.1.c       Visible emissions from the following emission points shall not exceed the following values:

1.       Haul roads - 15% opacity
2.       Operational areas - 15% opacity
3.       All diesel engines - 20% opacity
4.       All other points - 20% opacity

[R307-405]

II.B.1.c.1     Opacity observations of emissions from stationary sources shall be conducted according to 40 CFR 60, Appendix A, Method 9. [R307-401-8]

- II.B.1.d Visible fugitive dust emissions from haul-road traffic and mobile equipment in operational areas shall not exceed 15% opacity at any point. [R307-205]
- II.B.1.d.1 Visible emission determinations shall use procedures similar to Method 9. The normal requirement for observations to be made at 15-second intervals over a six-minute period, however, shall not apply. Visible emissions shall be measured at the densest point of the plume but at a point not less than 1/2 vehicle length behind the vehicle and not less than 1/2 the height of the vehicle. [R307-205]
- II.B.1.e The vehicle speed along the haul road shall not exceed 15 miles per hour. The vehicle speed on the haul road shall be posted, at a minimum, on site at the beginning of the haul road so that it is clearly visible from the haul road. [R307-401-8]
- II.B.1.f The owner/operator shall use diesel as fuel in on-site equipment. The sulfur content of any diesel fuel burned shall not exceed 15 ppm by weight. Sulfur content shall be determined by ASTM Method D-4294-89, or approved equivalent. The sulfur content shall be tested if directed by the Director. Certification of sulfur content shall be either by own testing or test reports from the fuel marketer. [R307-401-8]
- II.B.1.g Daneros Mine shall comply by all applicable requirements of R307- 205 for Fugitive Emissions and Fugitive Dust. All regularly-traveled unpaved roads and other unpaved operational areas that are used by mobile equipment shall be water sprayed and/or chemically treated to control fugitive dust. The application of water and/or chemical treatment using a magnesium chloride solution, or equivalent, shall be used. If chemical treatment is used, it shall take place at least two (2) times a year. If water treatment is used, watering shall be initiated daily dependent upon observed dust generation unless the temperature of the environment is below freezing. Records of water treatment shall be kept for all periods when the mine is in operation. The records shall include the following items:
1. Date
  2. Number of treatments made, dilution ratio, and quantity
  3. Rainfall received, if any, and approximate amount
  4. Time of day treatments was made.
- [R307-401-8]
- II.B.1.h There are two operating scenarios at the mine. The first operating scenario includes operation of four 455 kW generators - one at Bullseye Portal, two at the Daneros Portal, and one at the South Portal. The second operating scenario includes operation of four 455 kW generators - two at the Daneros Portal, and two at the South Portal. [R307-401-8]

### **Section III: APPLICABLE FEDERAL REQUIREMENTS**

In addition to the requirements of this AO, all applicable provisions of the following federal programs have been found to apply to this installation. This AO in no way releases the owner or operator from any liability for compliance with all other applicable federal, state, and local regulations including UAC R307.

NSPS (Part 60), A: General Provisions

NSPS (Part 60), IIII: Standards of Performance for Stationary Compression Ignition Internal Combustion Engines

NESHAP (Part 61), A: General Provisions

NESHAP (Part 61), B: National Emission Standards for Radon Emissions From Underground Uranium Mines  
MACT (Part 63), A: General Provisions  
MACT (Part 63), ZZZZ: National Emissions Standards for Hazardous Air Pollutants for Stationary  
Reciprocating Internal Combustion Engines  
Title V (Part 70) area source

### **PERMIT HISTORY**

This AO is based on the following documents:

Is Derived From	NOI dated October 3, 2012
Incorporates	Additional information dated January 16, 2013
Incorporates	Additional information dated May 23, 2013
Incorporates	Additional information dated March 27, 2014
Incorporates	Additional information dated December 11, 2013

### **ADMINISTRATIVE CODING**

The following information is for UDAQ internal classification use only:

San Juan County

CDS B

MACT (Part 63), Title V (Part 70) area source, NESHAP (Part 61), Attainment Area, NSPS (Part 60)

ACRONYMS

The following lists commonly used acronyms and associated translations as they apply to this document:

40 CFR	Title 40 of the Code of Federal Regulations
AO	Approval Order
BACT	Best Available Control Technology
CAA	Clean Air Act
CAAA	Clean Air Act Amendments
CDS	Classification Data System (used by EPA to classify sources by size/type)
CEM	Continuous emissions monitor
CEMS	Continuous emissions monitoring system
CFR	Code of Federal Regulations
CMS	Continuous monitoring system
CO	Carbon monoxide
CO <sub>2</sub>	Carbon Dioxide
CO <sub>2</sub> e	Carbon Dioxide Equivalent - 40 CFR Part 98, Subpart A, Table A-1
COM	Continuous opacity monitor
DAQ	Division of Air Quality (typically interchangeable with UDAQ)
DAQE	This is a document tracking code for internal UDAQ use
EPA	Environmental Protection Agency
FDCP	Fugitive dust control plan
GHG	Greenhouse Gas(es) - 40 CFR 52.21 (b)(49)(i)
GWP	Global Warming Potential - 40 CFR Part 86.1818-12(a)
HAP or HAPs	Hazardous air pollutant(s)
ITA	Intent to Approve
LB/HR	Pounds per hour
MACT	Maximum Achievable Control Technology
MMBTU	Million British Thermal Units
NAA	Nonattainment Area
NAAQS	National Ambient Air Quality Standards
NESHAP	National Emission Standards for Hazardous Air Pollutants
NOI	Notice of Intent
NO <sub>x</sub>	Oxides of nitrogen
NSPS	New Source Performance Standard
NSR	New Source Review
PM <sub>10</sub>	Particulate matter less than 10 microns in size
PM <sub>2.5</sub>	Particulate matter less than 2.5 microns in size
PSD	Prevention of Significant Deterioration
PTE	Potential to Emit
R307	Rules Series 307
R307-401	Rules Series 307 - Section 401
SO <sub>2</sub>	Sulfur dioxide
Title IV	Title IV of the Clean Air Act
Title V	Title V of the Clean Air Act
TPY	Tons per year
UAC	Utah Administrative Code
UDAQ	Utah Division of Air Quality (typically interchangeable with DAQ)
VOC	Volatile organic compounds

**J6**  
**Stormwater Pollution Prevention Plan and**  
**Permit**  
**(UTR 260661)**

STATE OF UTAH, DEPARTMENT OF ENVIRONMENTAL QUALITY, DIVISION OF WATER QUALITY  
195 North 1950 West, P.O. Box 144870, Salt Lake City, Utah 84114-4870 (801)536-4300

**NOI**

Notice of Intent (NOI) for Coverage Under the UPDES General Multi-Sector Storm Water Permit for Discharges Associated with Industrial Activity, Permit No. UTR000000. **INSTRUCTIONS ON BACK PAGE**

Submission of this Notice of Intent constitutes notice that the party identified in Section I of this form intends to be authorized by a UPDES permit issued for storm water discharges associated with industrial activity in the State of Utah. Becoming a permittee obligates such discharger to comply with the terms and conditions of the permit. ALL NECESSARY INFORMATION MUST BE PROVIDED ON THIS FORM. A different NOI form is provided for construction activities.

**I. FACILITY OPERATOR INFORMATION** Issued Date 7/22/2008 Expiration Date 12/26/2013  
Name: Denison Mines (USA) Corp Phone: 303.628.7798  
Address: 1050 17<sup>th</sup> Street, Ste 950 Status of Owner/Operator: P-Private  
City: Denver State: CO Zip: 80212  
Facility Contact Person: Christy Woodward Phone: 303.389.4136  
Facility Contact Person Title: Environmental Coordinator

**II. FACILITY SITE/LOCATION INFORMATION** Is the facility located on Indian Lands? (Y or N)       
Name: Daneros Mine  
Address: Portions of the S 1/2 of Sec. 6, T37S, R16E and in a portion of the NE 1/4 Sec. 18; T37S, R16E, Salt Lake Meridian  
County: San Juan  
City: NA State: Utah Zip:                       
Latitude: 37°35'54" Longitude: 111°0'11" Quarter: S 1/2 Section: 06 Township: 37S Range: 6E  
Site Contact Person: Alex Morgan Phone: 435.788.2044  
Site Contact Person Title: Area Manager

**III. SITE ACTIVITY INFORMATION**  
Name of Municipality which Operates the Storm Sewer System: NA  
Receiving Water Body(s): An ephemeral drainage collects surface water runoff from above, at, and below the mine. The drainage flows only during significant precipitation events. The drainage eventually traverses through Bullseye Canyon, North Fork Red Canyon, Red Canyon, and finally reaches the Colorado River, which is the nearest perennial water, approximately 28 miles from the mine.  
Is there existing quantitative storm water discharge data? Yes  No   
Is the facility required to do analytical monitoring? (See permit conditions Part V. and Sector monitoring requirements.) Yes  No   
Is the facility required to do visual monitoring? (See permit conditions near the end of applicable Sector(s); Appendix A to AD) Yes  No   
Is the facility required to submit monitoring data or retain it on site? Submit  Retain on site   
Is This a New Facility, or is it an Existing Facility? New  Existing  - This NOI is for a name change of the Operator.  
If This is an Existing Facility, and the Start-up Date was After Oct. 1992, Please Fill in the Start-up Month:  
Month (Jan, Feb., etc.): June Year: 2009  
SIC or Designated Activity Code: Primary: 1094 2nd:                      3rd:                      4th:                       
If You Have Other Existing UPDES Permits, Enter Permit #'s: No

**IV. SECTOR IDENTIFICATION:** The General Multi-Sector Permit covers all industrial activity that is required by law to be covered by a storm water permit. On the following pages the sectors are listed with a description of the industrial activity that is covered by that sector. Please check each sector that covers industrial activities which occur at your site. The sector covered in Appendix AD is the catch-all sector and should only be used if positively no other sector covers your industrial activity. If you should select AD, please call the Storm Water Coordinator at DWQ to discuss the need for choosing Sector AD (Non-Classified Facilities).

A. Timber Products Facilities -- establishments [generally classified under Standard Industrial Classification (SIC) Major Group 24] that are engaged in cutting timber and pulpwood, merchant sawmills, lath mills, shingle mills, cooperage stock mills, planning mills, and plywood and veneer mills engaged in producing lumber and wood basic materials; and establishments engaged in wood preserving or in manufacturing finished articles made entirely of wood or related materials, except for wood kitchen cabinet manufacturers (SIC Code 2434), which are addressed under sector W.

B. Paper and Allied Products Manufacturing Facilities -- facilities engaged in the manufacture of pulps from wood and other cellulose fibers and from rags; the manufacture of paper and paperboard into converted products, such as paper coated off the paper machine, paper bags, paper boxes and envelopes; and establishments primarily engaged in manufacturing bags of plastic film and sheet. These facilities are commonly identified by Standard Industrial Classification (SIC) Major Group 26.

C. Chemical and Allied Products Manufacturing Facilities -- 1) Basic industrial inorganic chemicals (including SIC 281), 2) Plastic materials and synthetic resins, synthetic rubbers, and cellulosic and other humanmade fibers, except glass (including SIC 282), 3) Soap and other detergents and in producing glycerin from vegetable and animal fats and oils; specialty cleaning, polishing, and sanitation preparations; surface active preparations used as emulsifiers, wetting agents, and finishing agents, including sulfonated oils; and perfumes, cosmetics, and other toilet preparations (including SIC 284), 4) Paints (in paste and ready-mixed form); varnishes; lacquers; enamels and shellac; putties, wood fillers, and sealers; paint and varnish removers; paint brush cleaners; and allied paint products (including SIC 285), 5) Industrial organic chemicals (including SIC 286), 6) Nitrogenous and phosphatic basic fertilizers, mixed fertilizer, pesticides, and other agricultural chemicals (including SIC 287), 7) Industrial and household adhesives, glues, caulking compounds, sealants, and linoleum, tile, and rubber cements from vegetable, animal, or synthetic plastics materials; explosives; printing ink, including gravure ink, screen process ink, and lithographic; miscellaneous chemical preparations, such as fatty acids, essential oils, gelatin (except vegetable), sizes, bluing, laundry sours, writing and stamp pad ink, industrial compounds, such as boiler and heat insulating compounds, metal, oil, and water treatment compounds, waterproofing compounds, and chemical supplies for foundries (including facilities with SIC 289), 8) Ink and paints, including china painting enamels, india ink, drawing ink, platinum paints for burnt wood or leather work, paints for china painting, artists' paints and artists' water colors (SIC 3952, limited to those listed; for others see sector Y.), 9) Medicinal chemicals and pharmaceutical products, including the grading grinding and milling of botanicals (including SIC 283).

D. Asphalt Paving, Roofing Materials, and Lubricant Manufacturing Facilities -- 1) facilities engaged in manufacturing asphalt paving and roofing materials, including those facilities commonly identified by Standard Industrial Classification (SIC) codes 2951 and 2952, 2) portable asphalt plant facilities (also commonly identified by SIC code 2951), 3) facilities engaged in manufacturing lubricating oils and greases, including those facilities classified as SIC code 2992. Not covered are: 1) petroleum refining facilities, including those that manufacture asphalt or asphalt products and that are classified as SIC code 2911 (see sector I.), 2) oil recycling facilities (see sector N.), and 3) fats and oils rendering (see sector U.).

E. Glass, Clay, Cement, Concrete, and Gypsum Product Manufacturing Facilities -- manufacturing flat, pressed, or blown glass or glass containers; manufacturing hydraulic cement; manufacturing clay products including tile and brick; manufacturing of pottery and porcelain electrical supplies; manufacturing concrete products; manufacturing gypsum products; nonclay refractories; and grinding or otherwise treating minerals and earths. This section generally includes the following types of manufacturing operations: flat glass, (SIC code 3211); glass containers, (SIC code 3221); pressed and blown glass, not elsewhere classified, (SIC code 3229); glass products made of purchased glass (SIC code 3231) where material handling equipment or activities, raw materials, intermediate products, final products, waste materials, by-products, or industrial machinery are exposed to storm water; hydraulic cement, (SIC code 3241); brick and structural clay tile, (SIC code 3251); ceramic wall and floor tile, (SIC code 3253); clay refractories, (SIC code 3255); structural clay products not elsewhere classified (SIC code 3259); vitreous china plumbing fixtures, and china and earthen ware fittings and bathroom accessories (SIC code 3261); vitreous china table and kitchen articles (SIC code 3262); fine earthenware table and kitchen articles (SIC code 3263); porcelain electrical supplies, (SIC code 3264); pottery products, (SIC code 3269); concrete block and brick, (SIC code 3271); concrete products, except block and brick (SIC code 3272); ready-mix concrete, (SIC code 3273); lime (SIC code 3274); gypsum products, (SIC code 3275); cut stone and stone products (SIC code 3281); abrasive products (SIC code 3291); asbestos products (SIC code 3292); minerals and earths, ground or otherwise treated, (SIC code 3295); mineral wool (SIC code 3296); nonclay refractories, (SIC code 3297); and nonmetallic mineral products not elsewhere classified (SIC code 3299).

F. Primary Metals Facilities -- coking operations, sintering plants, blast furnaces, smelting operations, rolling mills, casting operations, heat treating, extruding, drawing, or forging of all types of ferrous and nonferrous metals, scrap, and ore. Coverage includes the following types of facilities: 1) Steel works, blast furnaces, and rolling and finishing mills including: steel wiredrawing and steel nails and spikes; cold-rolled steel sheet, strip, and bars; and steel pipes and tubes (SIC code 331), 2) Iron and steel foundries, including: gray and ductile iron, malleable iron, steel investment, and steel foundries not elsewhere classified (SIC code 332), 3) Primary smelting and refining of nonferrous metals, including: primary smelting and refining of copper, and primary production of aluminum (SIC code 333), 4) Secondary smelting and refining of nonferrous metals (SIC code 334), 5) Rolling, drawing, and extruding of nonferrous metals, including: rolling, drawing, and extruding of copper; rolling, drawing, and extruding of nonferrous metals, except copper and aluminum; and drawing and insulating of nonferrous wire (SIC code 335), 6) Nonferrous foundries (castings), including: aluminum die-castings, nonferrous die-castings, except aluminum, aluminum foundries, copper foundries, and nonferrous foundries, except copper and aluminum (SIC code 336), 7) Miscellaneous primary metal products, not elsewhere classified, including: metal heat treating, and primary metal products, not elsewhere classified (SIC code 339).

G. Metal Mines (Ore Mining and Dressing) -- active and inactive metal mining and ore dressing facilities [Standard Industrial Classification (SIC) Major Group 10] if the storm water has come into contact with, or is contaminated by, any overburden, raw material, intermediate product, finished product, byproduct, or waste product located on the site of the operation. SIC Major Group 10 includes establishments primarily engaged in mining, developing mines, or exploring for metallic minerals (ores) and also includes all ore dressing and beneficiating operations, whether performed at mills operated in conjunction with the mines served or at mills, such as custom mills, operated separately. For the purposes of this part of the permit, the term "metal mining" includes all ore mining and/or dressing and beneficiating operations, whether performed at mills operated in conjunction with the mines served or at mills, such as custom mills, operated separately. All storm water discharges from inactive metal mining facilities and the storm water discharges from the following areas of active, and temporarily inactive, metal mining facilities are the only discharges covered by this section of the permit: topsoil piles; offsite haul/access roads if off active area; onsite haul roads if not constructed of waste rock or if spent ore and mine water is not used for dust control; runoff from tailings dams/dikes when not constructed of waste rock/tailings and no process fluids are present; concentration building, if no contact with material piles; mill site, if no contact with material piles; chemical storage area; docking facility, if no excessive contact with waste product; explosive storage; reclaimed areas released from reclamation bonds prior to December 17, 1990; and partially/inadequately reclaimed areas or areas not released from reclamation bonds. Not covered are: 1) active metal mining facilities that are subject to the effluent limitation guidelines for the Ore Mining and Dressing Point Source Point Source Category (40 CFR Part 440). Coverage under this permit does not include adit drainage or contaminated springs or seeps at active facilities, temporarily inactive facilities, or inactive facilities. Also see permit conditions, Limitations on Coverage, *Part I.B.3*. 2) Storm water discharges associated with an industrial activity that the *Executive Secretary* has determined to be, or may reasonably be expected to be, contributing to a violation of a water quality standard, 3) Storm water discharges associated with industrial activity from inactive mining operations occurring on Federal lands where an operator cannot be identified.

H. Coal Mines and Coal Mine-Related Facilities -- coal mining-related areas (SIC Major Group 12) if they are not subject to effluent limitations guidelines under 40 CFR Part 434. Not covered are: inactive mining activities occurring on Federal lands where an operator cannot be identified.

I. Oil and Gas Extraction Facilities -- oil and gas facilities listed under Standard Industrial Classification (SIC) Major Group 13 which are required to be permitted under UAC R317-8-3.9(2)(a)3. These include oil and gas exploration, production, processing, or treatment operations, or transmission facilities that discharge storm water contaminated by contact with or that has come into contact with any overburden raw material, intermediate products, finished products, by-products or waste products

located on the site of such operations.' Industries in SIC Major Group 13 include the extraction and production of crude oil, natural gas, oil sands and shale; the production of hydrocarbon liquids and natural gas from coal; and associated oil field service, supply and repair industries. This section also covers petroleum refineries listed under SIC code 2911. Contaminated storm water discharges from petroleum refining or drilling operations that are subject to nationally established BAT or BPT guidelines found at 40 CFR 419 and 435 respectively are not included. [Note that areas eligible for coverage at petroleum refineries will be very limited because the term "contaminated runoff," as defined under 40 CFR 419.11, includes "... runoff which comes into contact with any raw material, intermediate product, finished product, by-product or waste product located on petroleum refinery property." Areas at petroleum refineries which may be eligible for permit coverage, provided discharges from these areas are not co-mingled with "contaminated runoff," include: vehicle and equipment storage, maintenance and refueling areas. Most areas at refineries will not be eligible for coverage including: raw material, intermediate product, by-product, waste material, chemical, and material storage areas; loading and unloading areas; transmission pipelines, and, processing areas.] Not covered are: inactive oil and gas operations occurring on Federal lands where an operator cannot be identified are not covered by this permit.

J. Mineral Mining and Processing Facilities -- active and inactive mineral mining and processing facilities (generally identified by Standard Industrial Classification (SIC) Major Group 14). Not covered are: 1) facilities associated with industrial activity which are subject to an existing effluent limitation guideline (40 CFR Part 436), 2) inactive mineral mining activities occurring on Federal lands where an operator cannot be identified are not eligible for coverage under this permit.

K. Hazardous Waste Treatment Storage or Disposal Facilities -- facilities that treat, store, or dispose of hazardous wastes, including those that are operating under interim status or a permit under subtitle C of RCRA. [Disposal facilities that have been properly closed and capped, and have no significant materials exposed to storm water, are considered inactive and do not require permits (UAC R317-8-3.9(6)(c)).]

L. Landfills and Land Application Sites -- waste disposal at landfills, land application sites, and open dumps that receive or have received industrial wastes. Open dumps are solid waste disposal units that are not in compliance with State/Federal criteria established under RCRA Subtitle D. Not covered are: inactive landfills, land application sites, and open dumps occurring on Federal lands where an operator cannot be identified.

M. Automobile Salvage Yards -- facilities engaged in dismantling or wrecking used motor vehicles for parts recycling or resale and for scrap (SIC Code 5015).

N. Scrap Recycling and Waste Recycling Facilities -- facilities that are engaged in the processing, reclaiming and wholesale distribution of scrap and waste materials such as ferrous and nonferrous metals, paper, plastic, cardboard, glass, animal hides (these types of activities are typically identified as SIC code 5093). Facilities that are engaged in reclaiming and recycling liquid wastes such as used oil, antifreeze, mineral spirits, and industrial solvents (also identified as SIC code 5093) are also covered under this section. Separate permit requirements have been established for recycling facilities that only receive source-separated recyclable materials primarily from non-industrial and residential sources (also identified as SIC 5093) (e.g., common consumer products including paper, newspaper, glass, cardboard, plastic containers, aluminum and tin cans). This includes recycling facilities commonly referred to as material recovery facilities (MRF).

O. Steam Electric Power Generating Facilities -- steam electric power generating facilities, including coal handling areas. Non-storm water discharges subject to effluent limitations guidelines are not covered by this permit. Storm water discharges from coal pile runoff subject to numeric limitations are eligible for coverage under this permit, but are subject to the limitations established by 40 CFR 423. Not covered are: ancillary facilities such as fleet centers, gas turbine stations, and substations that are not contiguous to a steam electric power generating facility are not covered by this permit. Heat capture co-generation facilities are not covered by this permit; however, dual fuel co-generation facilities are included.

P. Vehicle Maintenance or Equipment Cleaning areas at Motor Freight Transportation Facilities, Passenger Transportation Facilities, Petroleum Bulk Oil Stations and Terminals, the United States Postal Service, or Railroad Transportation Facilities -- ground transportation facilities and rail transportation facilities (generally identified by Standard Industrial Classification (SIC) codes 40, 41, 42, 43, and 5171), that have vehicle and equipment maintenance shops (vehicle and equipment rehabilitation, mechanical repairs, painting, fueling and lubrication) and/or equipment cleaning operations are eligible for coverage under this section. Also covered under this section are facilities found under SIC code 4221-4225 (public warehousing and storage) that do not have vehicle and equipment maintenance shops and/or equipment cleaning operations but have areas (exclusive of access roads and rail lines) where material handling equipment or activities, raw materials, intermediate products, final products, waste materials, by-products or industrial machinery are exposed to storm water.

Q. Vehicle Maintenance Areas and Equipment Cleaning Areas of Water Transportation Facilities -- water transportation facilities that have vehicle (vessel) maintenance shops and/or equipment cleaning operations. The water transportation industry includes facilities engaged in foreign or domestic transport of freight or passengers in deep sea or inland waters; marine cargo handling operations; ferry operations; towing and tugboat services; and marinas (facilities commonly identified by SIC code Major Group 44).

R. Ship or Boat Building and Repair Yards -- facilities engaged in ship building and repairing and boat building and repairing (SIC code 373).

S. Vehicle Maintenance Areas, Equipment Cleaning Areas or Airport Deicing Operations located at Air Transportation Facilities -- establishments and/or facilities including airports, air terminals, air carriers, flying fields, and establishments engaged in servicing or maintaining airports and/or aircraft (generally classified under Standard Industrial Classification (SIC) code 45) which have vehicle maintenance shops, material handling facilities, equipment cleaning operations or airport and/or aircraft deicing/anti-icing operations. For the purpose of this permit, the term "deicing" is defined as the process to remove frost, snow, or ice and "anti-icing" is the process which prevents the accumulation of frost, snow, or ice. Only those portions of the facility or establishment that are either involved in vehicle maintenance (including vehicle rehabilitation, mechanical repairs, painting, fueling, and lubrication), equipment cleaning operations, or deicing/anti-icing operations are addressed under this section.

T. Wastewater Treatment Works -- treatment works treating domestic sewage or any other sewage sludge or wastewater treatment device or system, used in the storage, treatment, recycling, and reclamation of municipal or domestic sewage, including lands dedicated to the disposal of sewage sludge that are located within the confines of the facility with a design flow of 1.0 MGD or more, or required to have an approved pretreatment program under 40 CFR Part 403.

U. Food and Kindred Products Facilities -- food and kindred products processing facilities (commonly identified by Standard Industrial Classification (SIC) code 20), including: meat products; dairy products; canned, frozen and preserved fruits, vegetables, and food specialties; grain mill products; bakery products; sugar and confectionery products; fats and oils; beverages; and miscellaneous food preparations and kindred products and tobacco products manufacturing (SIC Code 21), except for storm water discharges identified under paragraph I.B.3. where industrial plant yards; material handling sites; refuse sites; sites used for application or disposal of process wastewaters; sites used for storage and maintenance of material handling equipment; sites used for residential treatment, storage, or disposal; shipping and receiving areas; manufacturing buildings; and storage areas for raw material and intermediate and finished products are exposed to storm water and areas where industrial activity has taken place in the past and significant materials remain. For the purposes of this paragraph, material handling activities include the storage, loading, and unloading, transportation, or conveyance of any raw material, intermediate product, finished product, by-product, or waste product.

V. Textile Mills, Apparel and other Fabric Product Manufacturing Facilities -- Textile Mill Products, of and regarding facilities and establishments engaged in the preparation of fiber and subsequent manufacturing of yarn, thread, braids, twine, and cordage, the manufacturing of broad woven fabrics, narrow woven fabrics, knit fabrics, and carpets and rugs from yarn; processes involved in the dyeing and finishing of fibers, yarn fabrics, and knit apparel; the integrated manufacturing of knit apparel and other finished articles of yarn; the manufacturing of felt goods (wool), lace goods, nonwoven fabrics; miscellaneous textiles, and other apparel products (generally described by SIC codes 22 and 23). This section also covers facilities engaged in manufacturing finished leather and artificial leather products (SIC 31, except 3111).

W. Furniture and Fixture Manufacturing Facilities -- facilities involved in the manufacturing of: wood kitchen cabinets (generally described by SIC code 2434); household furniture (generally described by SIC code 251); office furniture (generally described by SIC code 252); public buildings and related furniture (generally described by SIC code 253); partitions, shelving, lockers, and office and store fixtures (generally described by SIC code 254); and miscellaneous furniture and fixtures (generally described by SIC code 259).

X. Printing and Publishing Facilities -- newspaper, periodical, and book publishing or publishing and printing (SIC Codes 2711-2731); book printing (SIC Code 2732); miscellaneous publishing (SIC Code 2741); commercial printing, lithographic (SIC Code 2752); commercial printing, gravure (SIC Code 2754); commercial printing, not elsewhere classified (SIC Code 2759); manifold business forms, greeting cards, bankbooks, looseleaf binders and devices, bookbinding and related work, and typesetting (SIC Codes 2761-2791); and, plate making and related services (SIC Code 2796).

Y. Rubber and Miscellaneous Plastic Product Manufacturing Facilities -- rubber and miscellaneous plastic products manufacturing facilities (SIC major group 30) and miscellaneous manufacturing industries, except jewelry, silverware, and plated ware (SIC major group 39, except 391).

Z. Leather Tanning and Finishing Facilities -- leather tanning, currying and finishing (commonly identified by Standard Industrial Classification (SIC) code 3111). Discharges from facilities that make fertilizer solely from leather scraps and leather dust are also covered under this section.

AA. Facilities That Manufacture Metal Products including Jewelry, Silverware and Plated Ware -- fabricated metals industry listed below, except for electrical related industries: fabricated metal products, except machinery and transportation equipment, SIC 34, and jewelry, silverware, and plated ware (SIC Code 391).

AB. Facilities That Manufacture Transportation Equipment, Industrial or Commercial Machinery -- transportation equipment, industrial or commercial machinery manufacturing facilities (commonly described by SIC Major Group 35 except SIC 357, and SIC Major Group 37, except SIC 373). Common activities include: industrial plant yards; material handling sites; refuse sites; sites used for application or disposal of process wastewaters; sites used for storage and maintenance of material handling equipment; sites used for residual treatment, storage, or disposal; shipping and receiving areas; manufacturing buildings; storage areas for raw material and intermediate and finished products; and areas where industrial activity has taken place in the past and significant materials remain and are exposed to storm water.

AC. Facilities That Manufacture Electronic and Electrical Equipment and Components, Photographic and Optical Goods -- facilities that manufacture: electronic and other electrical equipment and components, except computer equipment (SIC major group 36); measuring, analyzing, and controlling instruments; photographic, medical and optical goods; watches and clocks (SIC major group 38) and computer and office equipment (SIC code 357).

AD. Non-Classified Facilities -- facilities that meet the definition of storm water associated with industrial activity (UAC R317-8-3.9(6)(c) & (d), except for construction activities as defined under UAC R317-8-3.9(6)(d)10.) but, can not be classified in another industrial sector (i.e., sectors A to AC), and are not excluded from permit coverage elsewhere in this permit; or, the *Executive Secretary* has designated as needing a storm water permit under UAC R317-8-3.9(1)(a)5. Should conditions at a facility covered by this section change and industrial activities in another section(s) contained in sectors A to AC apply, the facility shall comply with any and all applicable monitoring and pollution prevention plan requirements of the other section(s) in addition to those contained in this section. The monitoring and pollution prevention plan terms and conditions of this permit are additive for industrial activities being conducted at the same industrial facility (co-located industrial activities). The operator of the facility shall determine which monitoring and pollution prevention plan section(s) of this permit (if any) are applicable to the facility.

**V. CERTIFICATION: I certify under penalty of law that this document and all attachments were prepared under my direction or supervision in accordance with a system designed to assure that qualified personnel properly gather and evaluate the information submitted. Based on my inquiry of the person or persons who manage the system, or those persons directly responsible for gathering the information, the information submitted is, to the best of my knowledge and belief, true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment for knowing violations.**

Print Name: Philip G. Buck Date: \_\_\_\_\_

Signature: \_\_\_\_\_ Amount of Permit Fee Enclosed: \$ NA

Position Title Vice President - Mining

Email Address pbuck@denisonmines.com

## WHO MUST FILE A NOTICE OF INTENT (NOI) FORM

State law at UAC R317-8-3.9 prohibits point source discharges of storm water associated with industrial activity to a water body(ies) of the State without a Utah Pollutant Discharge Elimination System (UPDES) permit. The operator of an industrial activity that has such a storm water discharge must submit a NOI to obtain coverage under the UPDES Multi-Sector Storm Water General Permit. If you have questions about whether you need a permit under the UPDES Storm Water program, contact (801) 536-4300.



State of Utah

GARY R. HERBERT  
Governor

SPENCER J. COX  
Lieutenant Governor

Department of  
Environmental Quality

Alan Matheson  
Executive Director

DIVISION OF WATER QUALITY  
Walter L. Baker, P.E.  
Director

January 4, 2016

Andrea Reither  
Energy Fuels Resources Usa Inc  
225 Union Blvd, Suite 600  
Lakewood, Co 80228

Dear Andrea Reither

Subject: **2016 Permit Fee for Industrial Storm Water Discharges**  
**Permit # UTR260661**

Enclosed is the invoice for your Industrial Storm Water Discharge Permit Fee. This invoice includes the 2016 permit fee as well as any unpaid fees from prior years. Industrial permit coverage is billed on an annual basis and payment provides permit coverage for the 2016 calendar year. This permit cannot be renewed online. Please remit the invoiced amount to Utah Division of Water Quality within 30 days of the date of this letter in order to extend your permit coverage.

If you have any questions, need to update your information, or you no longer need permit coverage please notify me via email at [sbschofield@utah.gov](mailto:sbschofield@utah.gov).

Sincerely,

Sharon Schofield  
Financial Analyst

Enclosure: Invoice # SW-002562  
Notice of Intention to Renew Permit # UTR260661

File: MSGP Storm Water Industrial, ENERGY FUELS RESOURCES USA INC, 2016

195 North 1950 West • Salt Lake City, UT  
Mailing Address: P.O. Box 144870 • Salt Lake City, UT 84114-4114  
Telephone (801) 536-4300 • Fax (801) 536-4301 • T.D.D. (801) 536-4414  
[www.deq.utah.gov](http://www.deq.utah.gov)

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**STATE OF UTAH, DEPARTMENT OF ENVIRONMENTAL QUALITY, DIVISION OF WATER QUALITY**

195 North 1950 West, P.O. Box 144870  
Salt Lake City, Utah 84114

**STORM WATER PERMIT ISSUANCE SYSTEM CONTACT INFORMATION**

Submission of this information constitutes that the party identified in Section I of this form intends to renew their UPDES Storm Water Permit for Discharges associated with industrial activity in the State of Utah, SUBMISSION OF THIS FORM DOES NOT RENEW THE UPDES PERMIT

**I. FACILITY OPERATOR INFORMATION**

Facility name: **ENERGY FUELS RESOURCES USA INC** Permit no. **UTR260661**

Address: 225 Union Blvd, Suite 600

Mailing  
Address if different than above address

City: Lakewood State: CO Zip: 80228

**II. ONLINE ACCOUNT INFORMATION**

Contact Person: Andrea Reither Phone: 435-788-2044

Email Address:

Username: areither

Print Name:

Date:

Signature

**J7**  
**Application to Appropriate Water**  
**(Number 09-2315 (A78359))**



GARY R. HERBERT  
Governor  
GREG BELL  
Lieutenant Governor

# State of Utah

## DEPARTMENT OF NATURAL RESOURCES

### Division of Water Rights

MICHAEL R. STYLER  
Executive Director

KENT L. JONES  
State Engineer/Division Director

## ORDER OF THE STATE ENGINEER

### For Application to Appropriate Water Number 09-2315 (A78359)

Application to Appropriate Water Number 09-2315 (A78359), in the name of Utah Energy Corporation, was filed on January 22, 2009, to appropriate 5.73 acre-feet (af) of water from a well located South 1173 feet and East 2327 feet from the E $\frac{1}{4}$  Corner of Section 1, T37S, R15E, SLB&M (6-inch well, 1660 feet deep), and is to be re-diverted at: Mine Portal - South 1291 feet and East 2215 feet from the E $\frac{1}{4}$  Corner of Section 1, T37S, R15E, SLB&M. The water is to be used for mining purposes. The water is to be used in all or portion(s) of Section 6, T37S, R16E, SLB&M.

Notice of the application was published in The San Juan Record on February 18 and 25, 2009 and protests were received from: Uranium Watch, Southern Utah Wilderness Alliance, and Center for Water Advocacy. A hearing was held on October 1, 2009. At the hearing, additional time was requested by the protesting parties to submit written testimony in regards to this application. The record for this hearing was held open until October 15, 2009.

The applicant was represented by Kelly Shumway, Vice President of Utah Energy, John Quigley, Geologist; Mel Swanson, Mining Engineer; Mike Shumway, Chief Operations Officer; and Don Hamilton, Engineering Consultant. The protesting parties present were Uranium Watch (represented by Sarah M. Fields) and Southern Utah Wilderness Alliance (SUWA represented by their legal counsel Liz Thomas). The Center for Water Advocacy was not represented at the hearing.

At the hearing, Kelly Shumway, John Quigley and Don Hamilton, all representing Utah Energy Company (UEC), spoke in favor of the application. Ms. Shumway indicated the permit to begin mining has been issued by the Bureau of Land Management, the well has been drilled and mining operations have commenced. Mr. Quigley described the geology of the project area.

Ms. Sarah M. Fields presented the protest remarks for Uranium Watch (UW). Ms. Fields restated the protest objections detailed in Uranium Watch's written protest. The protest raised objections that the proposed use: 1) Not impair existing rights or interfere with the more beneficial use of the water; 2) Be physically and economically feasible and not for the purposes of speculation; 3) Not prove detrimental to the public welfare; and 4) Not unreasonably affect public recreation or the natural stream environment.

Ms. Liz Thomas presented the protest remarks for the Southern Utah Wilderness Alliance. Ms. Thomas reiterated the concerns detailed in a letter submitted by SUWA on March 16, 2009. The issues are similar to those presented by Uranium Watch along with an additional concern regarding disclosure of the diverting works listed on the water right application.

**ORDER OF THE STATE ENGINEER**  
**Application to Appropriate Water Number**  
**09-2315 (A78359)**  
**Page 2**

The Center for Water Advocacy was not represented at the hearing; however, Mr. Harold Shepard had previously submitted a letter of protest on March 17, 2009 detailing the same type of concerns presented by UW and SUWA along with an additional concern regarding climate change and its potential impacts. Mr. Shepard submitted additional written testimony after the hearing, which added more detailed discussion to the concerns heretofore mentioned and also detailed a concern regarding appropriation of water under the general Colorado River Policy.

The proposed well for this water right application was drilled and completed under Non-Production Well Request Number 0999001M00. The well log shows this well was drilled to a depth of 1,660 feet below the ground surface.

The State Engineer has reviewed the application, the information provided in the various submittals prepared in support and in protest of the proposed project, the information contained in the Environmental Assessment (EA No. UT-090-07-43) published by the Bureau of Land Management, the information provided at the hearing, the written testimony submitted after the hearing, financial data available on the public web site for White Canyon Uranium (parent company for UEC), the well log and the water rights of record.

There are two other water rights within or near the proposed mine area described as follows:

Water Right #	Owners	Source	Location	Approved Uses	Period of Use
99-64 (a32562)	Sandy, Gail & Preston Johnson	Well	S 420 ft E 3390 ft from NW cor, Sec. 7, T37S, R16E SLBM	Base Right: Domestic & Mining  Change App.: Stockwatering	1/1 – 12/31  1/1 – 12/31
99-118	Sandy, Gail & Preston Johnson	Bullseye Spring	S 4270 ft W 1460 ft from NE cor, Sec. 6, T37S, R16E SLBM	Stockwatering	11/1 – 4/30

There are two potential impacts to these water rights from mining operations. First, if the excavated mine workings or 7-foot diameter mine ventilation boreholes intercept water bearing fractures or joints in the bedrock that are interconnected to the aquifer supplying these rights, some of the water supplying the spring and well might enter the mine workings. Second, similarly, if the aquifer supplying water for the new well proposed for use in this application is interconnected with the aquifer supplying water to these rights, the proposed well could impact water in the upper aquifer. Either of these circumstances could result in the diminution of water flows supplying the spring and well.

Information supplied by the applicant in response to the protests and at the hearing show the proposed decline portal for the mine, nearest these two water sources, is approximately 300 – 500 feet lower in elevation than the spring and existing stockwatering well and the newly completed well for the mine operations is approximately 1800 to 2000 feet lower in elevation

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than the spring and existing stockwatering well. The professionals representing the applicant also indicated that geologic barriers (a sequence of impervious siltstone and mudstone formations) to water flow between the spring and stockwatering well and the applicant's mine workings and new well exist. These barriers should result in no impact due to diversion of water from the new well on the two water rights identified. Also, it should be noted that the amount of water sought to be appropriated is 5.73 acre-feet, which is a sufficiently small quantity to minimize aquifer drawdown.

It is the opinion of the State Engineer that due to the difference in elevation between the mine workings, new well and the existing spring and stockwatering well, and the intervening formations of impervious siltstone and mudstone bedrock layers, it is unlikely that impairment of other rights will result from this appropriation. The State Engineer is also of the opinion that due to the distance between other water rights and the well and the overall size of the aquifer, no other water rights in the general region will be impaired by this appropriation.

The applicant indicated at the hearing that the well for this application is now drilled based on a provisional permit by the State Engineer. Approval to begin mining operations has been received from the various regulatory agencies. The State Engineer is of the opinion that such due diligence in completing the well and beginning mining operation is sufficient evidence that the applicant has the economic and operational capacity to develop the water and put it to beneficial use. A review of financial data from White Canyon Uranium (a public company and parent company for UEC), available on their web site, showed sufficient financial capacity for continued operation into the near future. The long term operation of the mine is driven by market forces. The applicant does still have the remaining burden to show proof of beneficial use of the water within the allotted time given for this application. The Applicant is reminded that both underground uses and surfaces uses of water must be quantified when proof of beneficial use is submitted.

The underground aquifers in this area are relatively untapped and it is the opinion of the State Engineer that there is sufficient water available for appropriation. Issues related to the overall project with regards to water quality, air quality and public health are regulated under other federal and state agencies with more direct oversight of these issues. The "*Decision Record, Finding of No Significant Impact, and Environmental Assessment for the Daneros Mine Project*" published by the U.S. Department of Interior, Bureau of Land Management addresses the health and safety aspects of this project.

According to the EA, the Daneros project area is not recommended in the BLM's Resource Management Plan (RMP) for withdrawal and remains open to mineral entry under the General Mining Law of 1872, as amended. While it is recognized that there are substantial tourism interests in Southeastern Utah, it is also recognized that this area has historically been used for mining. The applicant submitted a response to the protests stating Bullseye Canyon and Fry Canyon have been active uranium mining areas since the early 1950's with Bullseye Canyon specifically being the site for three uranium mines, Lark, Royal & Bullseye. The applicant also states that much of the access now used by tourists was developed by and for the local uranium

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by and for the local uranium mining industry. The EA states that only minor impacts are expected to air quality, vegetation, soils, desert bighorn sheep, visual resources, recreation, and human health and safety during the proposed seven-year mine operation. The EA also found that there are no known threatened or endangered species and associated habitat within or near the proposed project area, and listed species would not be affected by the proposed mine. It is the opinion of the State Engineer that the water use proposed for this project under this application is not contrary to the best public interest, will not significantly impair public recreation or unreasonably affect any natural stream environment.

In regards to the Division of Water Rights' Colorado River Policy, the current policy can be found at <http://www.waterrights.utah.gov/wrinfo/policy/wrareas/colorado.asp>. Waters of the Colorado River are the subject of an interstate compact under which Utah is currently meeting its obligations. Water remains available for appropriation in Utah based on the terms of the compact.

It is the opinion of the State Engineer that the applicant has established a reason to believe that this application meets the criteria of Section 73-3-8 UCA and should be approved.

It is, therefore, **ORDERED** and Application to Appropriate Water Number 09-2315 (A78359) is hereby **APPROVED** subject to prior rights and the following conditions:

- 1) Reasonable efforts should be made to prevent interference with other water rights and to monitor the impacts of diversions of water from the well and mine workings.
- 2) The approval to conduct mining activities on public land must remain valid.
- 3) This application is also approved according to the conditions of the current appropriation policy guidelines for the Colorado River Drainage, adopted March 7, 1990.
- 4) The applicant(s) shall install and maintain measuring and totalizing recording devices to meter all water diverted from all sources pertaining to this application and shall annually report this data to the Division of Water Rights Water Use Program.

The applicant is strongly cautioned that other permits may be required before any development of this application can begin and it is the responsibility of the applicant to determine the applicability of and acquisition of such permits. Once all other permits have been acquired, this is your authority to develop the water under the above referenced application, which under Sections 73-3-10 and 73-3-12, Utah Code Annotated, 1953, as amended, must be diligently prosecuted to completion. The water must be put to beneficial use and proof must be filed on or before **November 30, 2014**, or a request for extension of time must be acceptably filed; otherwise the application will be lapsed. This approval is limited to the rights to divert and

ORDER OF THE STATE ENGINEER  
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beneficially use water and does not grant any rights of access to, or use of land or facilities not owned by the applicant.

As noted, this approval is granted subject to prior rights. The applicant shall be liable to mitigate or provide compensation for any impairment of or interference with prior rights as such may be stipulated among parties or decreed by a court of competent jurisdiction.

Proof of beneficial use is evidence to the State Engineer that the water has been placed to its full intended beneficial use. By law, it must be prepared by a registered engineer or land surveyor, who will certify to the location and uses of the extent of your water right.

Upon the submission of proof as required by Section 73-3-16, Utah Code, for this application, the applicant must identify every source of water used under this application and the amount of water used from that source. The proof must also show the capacity of the sources of supply and demonstrate that each source can provide the water claimed to be diverted under this right as well as all other water rights, which may be approved to be diverted from those sources.

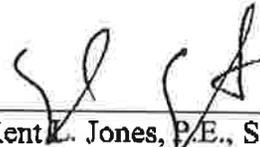
Failure on your part to comply with the requirements of the applicable statutes may result in the lapsing of this Application to Appropriate Water.

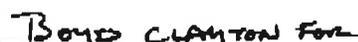
**It is the applicant's responsibility to maintain a current address with this office and to update ownership of their water right. Please notify this office immediately of any change of address or for assistance in updating ownership.**

Your contact with this office, should you need it, is with the Southeastern Regional Office. The telephone number is 435-613-3750.

This Order is subject to the provisions of Administrative Rule R655-6-17 of the Division of Water Rights and to Sections 63G-4-302, 63G-4-402, and 73-3-14 of the Utah Code, which provide for filing either a Request for Reconsideration with the State Engineer or an appeal with the appropriate District Court. A Request for Reconsideration must be filed with the State Engineer within 20 days of the date of this Order. However, a Request for Reconsideration is not a prerequisite to filing a court appeal. A court appeal must be filed within 30 days after the date of this Order, or if a Request for Reconsideration has been filed, within 30 days after the date the Request for Reconsideration is denied. A Request for Reconsideration is considered denied when no action is taken 20 days after the Request is filed.

Dated this 25 day of November, 2009.

  
Kent L. Jones, P.E., State Engineer

  
Boyd Clayton For

ORDER OF THE STATE ENGINEER  
Application to Appropriate Water Number  
09-2315 (A78359)  
Page 6

Mailed a copy of the foregoing Order this 25 day of November, 2009 to:

Utah Energy Corporation  
PO Box 1346  
Moab, UT 84532

Uranium Watch  
c/o Sarah M. Fields  
PO Box 344  
Moab, UT 84532

Southern Utah Wilderness Alliance  
c/o Liz Thomas  
PO Box 968  
Moab, UT 84532

Center for Water Advocacy  
c/o Harold Shepherd  
PO Box 331  
Moab, UT 84532

Water Use Program  
Division of Water Rights

BY: Kelly K. Horne  
Kelly K. Horne, Applications/Records Secretary