



Texas Mining and Reclamation Association

Developments in Texas

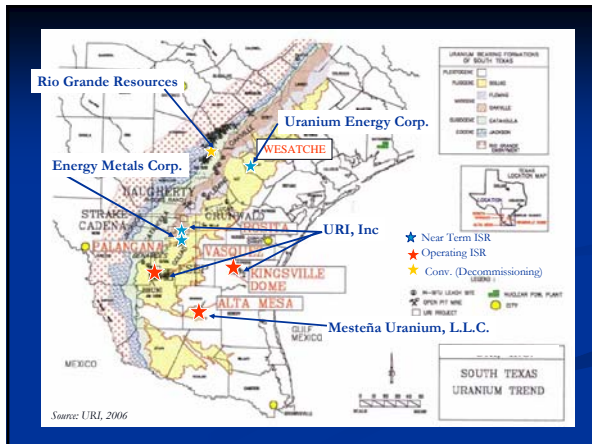
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Texas Uranium

- Uranium Mining in Texas has been around for almost 40 years.
- Uranium development focused in South Texas
- From the late 1960's through the early 1990's most of the uranium was recovered using conventional mining.
 - Several relatively small surface mines
 - Four conventional mills
 - All are reclaimed and decommissioned

Texas Uranium

- Starting in the mid 1970's, ISR became the predominate means for uranium recovery.
- Texas ISR Uranium
 - Over 10 companies had ISR operations
 - Peak activity during mid-'80's
 - Most operations shut-in by early '90's due to low prices.
 - Almost all sites were restored and decommissioned since that time
- By 1999, all uranium recovery operations shut down
- 2004 saw the recovery in the industry



Texas Regulatory Environment

- Agreement State for radioactive materials
 - Department of State Health Services
 - Maintains licensing, inspection and enforcement for
 - ISR facilities (surface and processing facilities)
 - Conventional mills
 - Byproduct disposal
- Delegated agency for UIC programs
 - Texas Commission on Environmental Quality
- Texas has a long history with uranium mining
- State regulations are some of the most detailed and comprehensive relative to the States where uranium mining takes place

Developments

- Since late '90's, Texas has changed the way groundwater is managed.
 - Local controlled Groundwater Conservation Districts
 - Each enacted by legislation & confirmed by local election.
 - Regulates groundwater use and consumption
 - Primarily addresses large groundwater users
- Legislation addresses uranium recovery and exploration in a limited way
 - Production and injection wells are exempted
 - Monitor wells and exploration drilling are not specifically exempted
 - It did not anticipate a revival of the uranium industry
- The lack of clarity of legislative intent creates uncertainty

Developments

- The administrative procedures for UIC permits
 - Class III UIC permit process is a fully adjudicated process
 - Production Area Authorizations (PAA's) are used to manage operations within a Class III UIC permit
 - PAA's had always been an administrative process requiring notice and comment with clear procedures
- The industry resurgence identified gaps in the permitting process.
 - Consideration of future activity
 - Opportunity to consider past performance for existing operators
 - Need to update the permitting and rules to consider lessons learned

Updating Rules

- TCEQ and TMRA identified areas where consistency and updates were needed
- TMRA issued a white paper with its concerns
 - Provide regulatory certainty in the permitting process
 - Provide a better defined annual reporting process
- TMRA filed a petition for Rulemaking with TCEQ
 - Petition denied
 - TCEQ staff instructed to start rulemaking process
 - Fast track the rulemaking process
 - Consider all stakeholders
 - Consider TMRA's concerns

Licensing

- Department of State Health Services
 - A huge organization
 - Radiation Control is a very small program
- Key issues
 - Adequate staffing.
 - Suffered from the retraction of the industry
 - Retirement of key staff positions
 - Funding
 - Fully funded by license fees to the Texas General Fund
 - Requires appropriation by legislature
- TMRA has supported legislation to set aside license fees for direct funding of the Radiation Program

Legislation

- Texas Legislature meets on a biennial schedule.
- 2007 is a Legislative Session that ends May 30th.
- There are currently 4 bills that will have some effect on Texas' uranium industry
 - H.B. 3837
 - H.B. 3838
 - S.B. 1604
 - S.B. 2007
- These bills are pending in either one of the two houses

Legislation

- H.B. 3837
 - Addresses the gaps in the Natural Resources Code with respect to Groundwater Conservation Districts
 - Provides clarity in jurisdiction
 - Provides additional reporting to Groundwater Districts
- H.B. 3838
 - Companion bill to H.B. 3837
 - Addresses similar gaps in the Water Code
 - Provides clarity in jurisdiction
 - Provides reporting to Groundwater Districts
- TMRA is supporting these bills

Legislation

- S.B. 1604
 - Transfers the entire radioactive materials program from DSHS to TCEQ
 - Provides additional FTE for managing program
 - Addresses issues related to byproduct disposal
 - Updates uranium mining requirements
 - Provides a 10 year sunset on all Class III UIC permits
 - Provides opportunity for public involvement on permit renewals
- Transfer attempted in early '90's and failed to work
- This time legislative intent is clearer and funding supported
- TMRA supports this legislation

Legislation

- S.B. 2007
 - Creates a Groundwater Conservation District in Brooks county
 - Mesteña Uranium LLC operates Alta Mesa Project within District Boundaries
 - First GCD created with a uranium operation as a stakeholder
- Passed Senate unanimously
- Pending in House Committee consideration
- TMRA is neutral on bill

Conclusion

- Texas agencies are working hard to prepare for the influx of new license and permit applications
- Agencies are staffing up with competent people
- Increased uranium price increases interest
 - New operators
 - Prospective jobs
 - Awareness
 - A priority to the State for economic development
- Regulatory certainty is a priority