



# Department of Environmental Quality

To protect, conserve and enhance the quality of Wyoming's environment for the benefit of current and future generations.



Matthew H. Mead, Governor

John Corra, Director

December 7, 2011

Mal James  
President  
Strata Energy, Inc.  
406 W 4th Street  
Gillette, Wyoming, 82717

**Re: Ross ISR Project Application for a Permit to Mine TFN 5 5/217, Technical Review Round 4**

Dear Mr. James,

Enclosed are memorandums containing DEQ/D3 staff review comments on the Ross ISR Project Application for a Permit to Mine. As noted in the memos, we have found that the application is **Technically Incomplete** for the purpose of W.S. § 35-11-406(h).

Please contact me if any questions arise.

Respectfully,

Miles Bennett  
Natural Resources  
Analyst

\mb

Enc.: D3 Staff technical review memos

cc: Cheyenne File w/enclosures  
✓ Document Processing Center, NRC, 11545 Rockville Pike, Rockville, MD. 20852 w/enclosures  
Ben Schiffer, P. G. WWC Engineering, 1849 Terra Ave. Sheridan WY 82801 w/enclosures

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## MEMORANDUM

TO: Miles Bennett, Natural Resources Analyst

FROM: Deanna Hill

DATE: December 7, 2011

SUBJECT: Strata Energy, Inc. – TFN 5/5/217 – Application for a Permit to Mine (Ross Project)

In response to your November 21, 2011 memorandum my outstanding comments are:

### Surface Owner Consent

1. Surface owner consent must be provided for Harry J. Berger.

### Reclamation Performance Bond

1. An acceptable bonding instrument must be received prior to permit approval.

## **MEMORANDUM**

**TO:** Strata Energy's Ross Project, TFN 5 5/217  
**FROM:** Glenn Mooney  
**DATE:** December 8, 2011  
**SUBJECT:** Fourth Technical Review

### **Introduction**

A technical review was conducted of the Strata Energy Ross Project ISR mining permit application. The application was received January 13, 2011, and was declared Complete per W.S. 35-11-406(e) on February 24, 2011. A response package was submitted on June 30, 2011, under cover of WWC's Ben Schiffer's letter of the same date. Comments in my review memo dated July 27, 2011, were included with Miles Bennett's cover letter of July 29, 2011. A response package was received November 7, 2011, under cover of Ben Schiffer's letter dated November 4.

Comments which did not require a response have been omitted.

### **Review**

#### **Adjudication**

##### **4. Surface Owner Consent**

Strata replied to my request for Surface Owner Consent from the Harry J. Berger Trust lands in Sections 17 and 19 with a statement that the consent will be supplied during the final round of technical comments.

WWC has again replied that this issue is still being worked on. This item must remain open.

#### **Reclamation Plan**

##### **24. Section 6.0, Reclamation Cost Estimates, Page 6-1**

I conducted a cursory review of the bond estimate was conducted. The following items were noted:

- a. Equipment and labor costs generally appear to be derived from the most recent version of Guideline 12.
- b. The total contingency costs come to 17% while Guideline 12 recommends a total contingency of 25% for projects in excess of \$500,000.00. Due to the greater uncertainty in in situ groundwater restoration, it is recommended that the total contingency be no lower than 25%.
- c. The bond estimate contains \$2,866,412.00 for groundwater restoration. This is generally unnecessary for the first year bond at an in situ operation as it is unlikely plant and well field construction can be completed, submission and approval of the well field data package and

**Strata Energy Ross Project**

**TFN 5 5/217**

**Fourth Technical Review**

**December 8, 2011**

**Page 2**

subsequent lixiviant injection can all occur in the year following permit approval.

- d. The estimate contains approximately \$7,000 each for excursion and stability monitoring, costs highly unlikely to be incurred during the first year of construction.
- e. Electrical costs and power consumption appear to be in line with generally accepted amounts.
- f. The estimate calls for concrete rubble from the buildings' floors and footers to be hauled to either the Moorcroft landfill or the Shirley Basin licensed disposal site. More inexpensive alternatives may be found for disposal of the uncontaminated waste.

In summary, the \$9,672,068.86 proposed surety is more than adequate to cover the first year of construction. This amount should be rounded off to \$9,600,000.00.

**Conclusions**

Responses to most of my comments were satisfactory. However, surface owner consent still must be obtained from the Harry J. Berger Trust lands before this application can be declared technically complete. Review of the surety estimate found that it was more than adequate to cover the first year of construction. A bond in the amount of \$9,600,000.00 is proposed.

\gm

cc: Cheyenne File

StrataTechRev4.11gm