



# Department of Environmental Quality

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



Matt Mead, Governor

Todd Parfitt, Director

August 2, 2013

Mr. John Cash – VP Regulatory Affairs  
Exploration and Geology  
Lost Creek ISR, LLC  
5880 Enterprise Drive, Suite 200  
Casper, WY 82609

Re: **Summary of Bi-weekly Inspection of Lost Creek ISR LLC's Permit 788**

Dear Mr. Cash:

On July 24, 2013 a bi-weekly Inspection of the Lost Creek ISR (LCI) project was conducted. There are no concerns with the Lost Creek Project based on this Inspection.

The next site Inspection is scheduled for Wednesday August 7, 2013. If there are any questions regarding the enclosed Inspection Memorandum, please contact Melissa Bautz in the Lander Land Quality Division office at (307) 332-3047.

Sincerely,

Melissa L. Bautz, P.G.  
Natural Resources Analyst  
Land Quality Division - District 2 (Lander)

Enclosure 4-page Inspection Memorandum

MLB:mlb

cc: Mark Newman – BLM – P. O. Box 2407, Rawlins, WY 82301 (w/encls)  
John Saxton – US Nuclear Regulatory Commission (w/encls)  
Tanya King - WDEQ-LQD, District II → Permit 788 Inspection File (w/encls)  
LQD Cheyenne → Permit 788 Inspection File (w/encls)  
Chron (w/encls)

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WATER QUALITY  
(307) 332-3144  
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**Wyoming Department of Environmental Quality (WDEQ)- Land Quality Division (LQD)**  
**Inspection Memorandum**

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File: Lost Creek ISR, LLC – Permit 788

Date of Inspection: July 24, 2013

Date of Report: August 2, 2013 *MLB*

Participants: Mike Lueders, Mine Manager, Lost Creek ISR/Ur-Energy  
Eric Stonaker, Lost Creek ISR/Ur-Energy  
Deborah Harris, WDEQ-Water Quality Division  
Melissa Bautz, WDEQ-Land Quality Division

Report Prepared by: Melissa Bautz – WDEQ-Land Quality Division

Subject: Bi-weekly Site Inspection

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***Introduction***

On July 24, 2013, a routine bi-weekly Inspection was conducted at the Lost Creek ISR (LCI) site. Ms. Deborah Harris of the WDEQ Water Quality Division accompanied Ms. Bautz on this Inspection in order to become familiarized with the site. Ms. Harris' presence was not due to any formal oversight on the part of Water Quality Division. Rather, Ms. Harris had been involved with the Aquifer Reclassification Process associated with Mine Unit 1 and she was interested in seeing the site.

***Inspection***

The following areas were inspected: DDW-3, DDW-4, MU1 well field, MU2 monitoring ring wells, and the MU1/MU2 perimeter fence. No significant changes or problems were observed at any of these sites since the previous Inspection. The attached photo addendum depicts the site conditions observed today.

***Discharge of purge water from well sampling events***

In the last Inspection, Mr. Stonaker asked whether LCI is authorized to discharge purge water from monitor well sampling onto the ground via sprinklers. After discussion with LCI's John Cash I have discerned that the discharge of purge water from well sampling events is addressed via the

letter dated March 15, 2012 from WQD's John Wagner to Wyoming Mining Association's Marion Loomis. That letter (a copy of which was attached to the last Inspection Report) authorizes the land application of pump test water, provided it does not enter a "Water of the State". It is presumed that the land application of purge water from well sampling events is equivalent to "pump test water". The March 15, 2012 letter indicates that any discharge water that enters a "Water of the State" requires a WPDES permit from the WQD. If the water is applied to the land and does not enter a "Water of the State", it is outside WQD's jurisdiction.

Based upon the above analysis, it is LQD's determination that the discharge of purge water from well sampling events onto the ground via sprinklers or other methods are authorized, provided the discharge does not 1) cause erosion and 2) enter a Water of the State.

*Drilling activities*

Well field development drilling continues in Mine Unit 1 (MU1) and the monitoring ring wells are under construction in Mine Unit 2 (MU2). Exploration and/or delineation drilling is occurring in Mine Unit 3. A total of 12 drill rigs are operating at the site now. There are no concerns with drilling practices. Mud pits that are not within the MU1/MU2 perimeter fence are adequately fenced to prevent wildlife or humans or livestock from accidentally entering the pit.

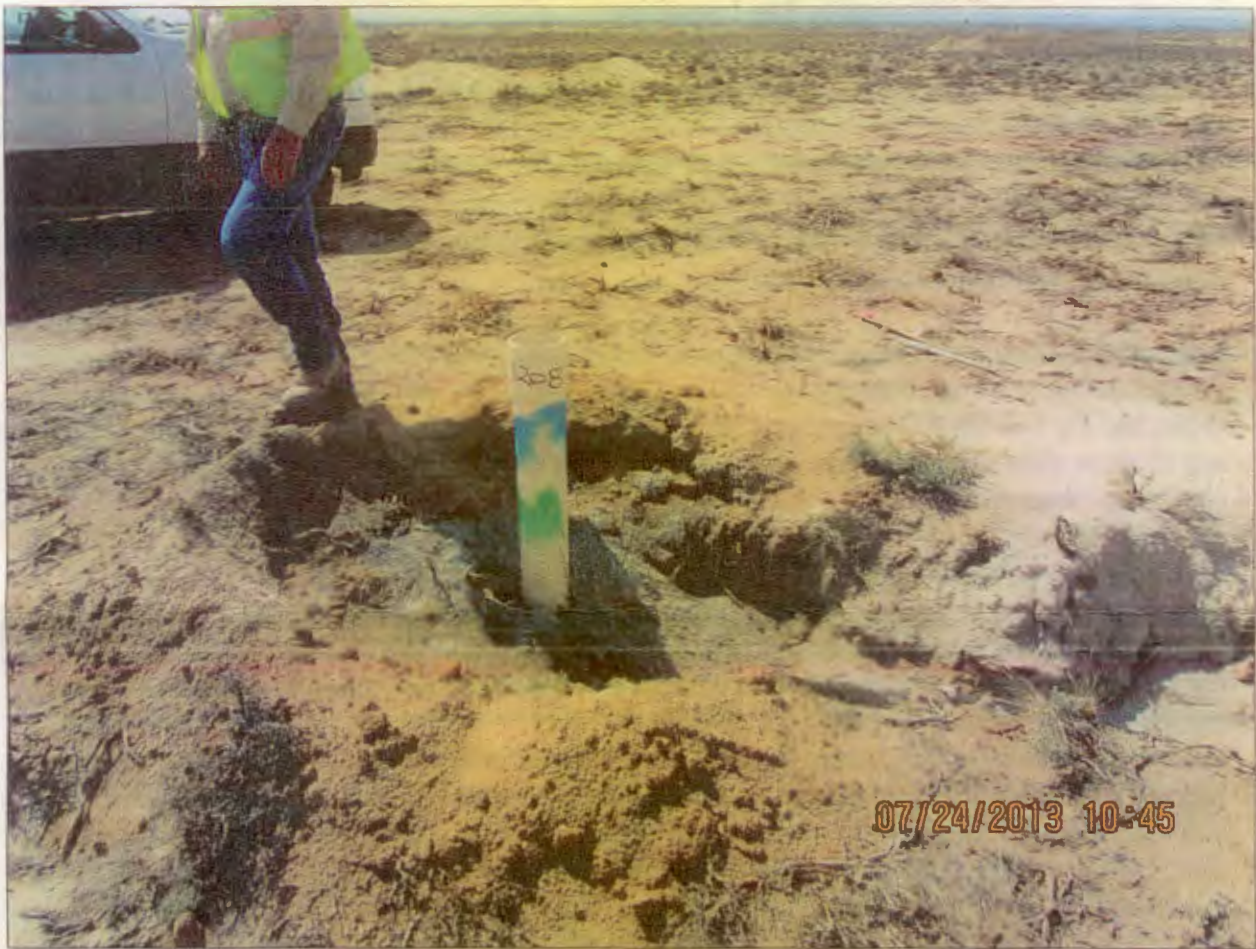
*Conclusion*

The Lost Creek site is in good condition. There are no outstanding or pending Action Items as a result of this inspection. The next inspection is scheduled for August 7, 2013, Wednesday, at 10am.

\*\*\*\*\*END OF MEMORANDUM\*\*\*\*\*

W/Photo Addendum (Pages 2 – 4)

Photo Addendum to accompany the July 24, 2013 Inspection of Lost Creek ISR's Permit 788



**Photo Number 1: This depicts the well head for MU2 monitoring ring well M-208.**

**Photo Addendum to accompany the July 24, 2013 Inspection of Lost Creek ISR's Permit 788 cont'd...**



**Photo Number 2: This depicts the MU2 mine unit looking south by southeast from its northwest corner.**



**Photo Number 3: This depicts the lab in the Plant Building.**

Photo Addendum to accompany the July 24, 2013 Inspection of Lost Creek ISR's Permit 788 cont'd...



**Photo Number 4:** This is a view looking north along the diversion ditch that goes around the east edge of the Ponds in the Plant Site. It is to-grade and topsoil reapplication is in-progress.



**Photo Number 5:** This is a view looking south along the diversion ditch that goes around the east edge of the Ponds in the Plant site. It is to-grade and topsoil reapplication is in-progress.