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UR / 06062 007 / IN / 03-14-2013 / Annual Investigation
Texas Commission on Environmental Quality
Investigation Report
South Texas Mining Venture L.L.P.
CN603194168

LA PALANGANA URANIUM IN-SITU RECOVERY PROJECT

RN105231872

Investigation # 1099782

Incident #

Investigator: SONIA SIMMONS

Site Classification

IN-SITU

Conducted: 03/12/2013 -- 03/14/2013

No Industry Code Assigned

Program(s): URANIUM

Investigation Type : Compliance Investigation

Location : 5716 FM 3196

Additional ID(s) : R06062

Address: 5716 FM 3196; BENAVIDES,
TX 78341

Activity Type : REGION 99 - CENTRAL OFFICE
URANCCI - Scheduled CCE of Uranium
Production and/or Processing

Principal(s) :

Role

Name

RESPONDENT

SOUTH TEXAS MINING VENTURE LLP

Contact(s) :

Role

Title

Name

Phone

Participated in Investigation

RADIATION SAFETY
TECHNICIAN

MR JOSUE DE LA
GARZA

Regulated Entity Contact

RADIATION SAFETY
OFFICER

MR KEVIN DZIUK

Other Staff Member(s) :

Role

Name

Supervisor
QA Reviewer
Investigator

DEREK EADES
DEREK EADES
MUHAMMADALI ABBASZADEH

Associated Check List

Checklist Name

Unit Name

RAD URANIUM REQUIREMENTS
EQUIPMENT MONITORING AND SAMPLING revised
06/2013

Compliance
Rad Survey

Investigation Comments :

INTRODUCTION

On March 12-14, 2013, Sonia I. Simmons and Muhammadali Abbaszadeh (or the inspectors), of the Texas Commission on Environmental Quality (TCEQ) Critical Infrastructure Division (CID), Homeland Security Section, Radioactive Materials Compliance Team, Office of Compliance and Enforcement conducted an inspection at the South Texas Mining Venture, L.L.P. (STMV) La

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RADIOACTIVE MATERIALS DIVISION

Palangana facility (facility) to evaluate compliance with the applicable TCEQ radioactive substance rules and the conditions of their license.

GENERAL FACILITY AND PROCESS INFORMATION

The facility is located at 5716 FM 3196, Benavides, Texas, in Duval County. A sign was located at the entrance gate on FM 3196 showing the name of the company and the physical address.

The entrance to the facility was restricted by two electronically controlled gates at FM 3196. The facility was securely fenced. The facility operated 24 hour/7 days a week. Office personnel and maintenance operators worked from 7:30 am to 4:30 pm. One or two well field operators worked 12 hour shift.

The facility included a satellite plant with four ion exchange columns, chemical/water /waste storage tanks, and processing equipment, a production area, a waste disposal well, two trailers (used for offices), and one on-site laboratory located in one of the trailers. There was no yellowcake dryer building or wastewater storage pond (surface impoundment) at the facility.

Uranium-bearing ion-exchange resin from La Palangana was transported via tanker trucks to STMV's Hobson uranium processing facility for processing into uranium in the form of yellow cake. Hobson facility is located approximately 1 mile south of Hobson, Texas, along FM 81 in Karnes County.

At the time of the inspection uranium production was in progress. According to Mr. Kevin Dziuk, Radiation Safety Officer (RSO) there was no employee incidents/overexposures or any abnormal situation related to the license activities, for the period since the last inspection.

Also, at the time of the inspection and according to Mr. Dziuk, Harry Anthony was the President, Bob Underdown was the Vice President of Operations, Kurt Sealy was the Vice President of Strategic Development, Craig Wall was the Environmental Manager, and Mr. Josue De La Garza was the facility Radiation Safety Technician (RST).

Current Status of Operations

As of March 12, 2013, forty one (41) individuals were employed by STMV to work and maintain regulatory requirements at the facility. Two of the employees were stationed at the corporate office in Corpus Christi.

The license expiration date is January 14, 2020.

STMV operates the facility under Radioactive Material License (RML) R06062, WDW-418 (not drilled) and WDW-419 (active) permits, area permit UR03070, and three Production Area Authorization (PAAs) UR03070PAA1, UR03070PAA2, and UR03070PAA3 issued by the TCEQ. A fourth production area, UR03070PAA4 has completed baseline sampling and STMV has submitted an application to TCEQ for the production area. PAA4 permit had not been issued at the time of this inspection.

The facility is authorized to be in possession of uranium in pregnant lixiviant from in-situ leach uranium mining activities, concentrating onto ion exchange resin, and transfer to authorized recipients. The facility is also authorized to be in possession of by-product material incidental to the in-situ leaching operation. The facility is licensed to dispose of liquid by-product material via deep disposal well. Both the injection and recovery wells are authorized by permits (Mine Area Permit and Production Area Authorization).

BACKGROUND

STMV initiated exploration activities at some leased portions of La Palangana facility (a former uranium mining facility near Benavides, Texas in Duval County) for possible uranium mining. STMV initiated drilling activities at the La Palangana project in July 2006. An initial area permit (UR03070) and an initial PAA1 (under UR03070) were issued to STMV by the TCEQ on

November 26, 2008 and January 5, 2009 respectively. Uranium production at the facility began in November 2010 in PAA1. PAA2 began production in March 2012 and PAA3 began production in December 2012.

Everest Exploration, Inc. (EEI) entered into a partnership with Energy Metals Corporation (EMC) for a 99% (EMC) to 1% (EEI) joint venture. This joint venture positioned EMC to own the South Texas Mining Venture (STMV). Under STMV, EEI was the operator. EMC is a Canadian based company. At the time, EMC had offices in Casper, Wyoming, Oklahoma City, and Corpus Christi, Texas. EMC was bought by Uranium One in August 2008. Uranium Energy Corporation (UEC) purchased/acquired the STMV in October 2009 from URN Resources Inc., a subsidiary of Uranium One and EEI. The acquisition included the licensed Hobson uranium processing facility and the licensed and permitted La Palangana in-situ uranium recovery facility. Hobson facility is located approximately 1 mile south of Hobson along FM 81 in Karnes County, Texas.

ADDITIONAL INFORMATION

Previous Inspection

A facility inspection was conducted in March 17, 2011. No violations were noted.

Entrance Meeting

The inspectors held an entrance meeting with STMV representatives Mr. Dziuk, Mr. De La Garza, and Mr. A.J. Hecker, Environmental Coordinator, Uranium Energy Corp (UEC) at the facility. The scope of the inspection and the current status of the operations at the facility were discussed.

During the entrance meeting, the inspectors verified that the statements/representations made by STMV staff and/or information collected by the inspectors (including photos) during the inspection were not proprietary/confidential. In case of proprietary/confidential information, appropriate steps will be taken by the inspectors to handle such information.

Records Review

Records for STMV were maintained at the facility. Records were reviewed by the inspectors on March 12 and 13, 2013, at the administration building conference room. Mr. Dziuk, Mr. De La Garza and Mr. Hecker were present during the records review. The following records were reviewed during this inspection:

Training Program - Training records for calendar year 2011 and 2012 were reviewed.

In accordance with License Condition (LC) 40.B. Mr. Dziuk completed the required 4 weeks of specialized training, as required. Mr. Dziuk completed the training in May 13, 2011. A certificate of completion was maintained on site.

In accordance with LC 40.C. Mr. Dziuk was present at the facility for the first two days of operations and the initial transfer of resin. The inspector verified this by reviewing a memo to the file dated December 2010.

In accordance with LC 41.A. Mr. De La Garza received the specialized training and met the requirements to be the RST.

In accordance with LC 45 the licensee maintained a database with all employees, including contractors, by full name, dates of employment, job titles and job assignments.

In accordance with LC 46 the licensee provided initial training in radiation safety to all employees and contractors, including the administration of a test. According to the records 19 individual received initial training in 2012. The licensee also provided annual refresher training to 55 individuals in 2012. A power point presentation in radiation safety was provided to all employees, including contractors, during initial training and/or refresher training. Each individual receiving training must sign an attendance form titled "UEC Training Attendance Form". A 20 question test

titled "Radiation Safety Refresher Test" is administered to each individual after training. A 70 or better test score is required. No issues were noted.

Mr. Dziuk stated that there were 6 contract employees in 2011 and only one as of March 12, 2013.

There were 4 female employed in 2012, one in the administration office and three geologists. According to Mr. Dziuk all female employees received instruction concerning prenatal radiation exposure. None of the female employees declared pregnancy in 2012 and up to the date of this inspection.

In accordance with LC 47 radiation safety training is conducted by the RST under the RSO supervision. Mr. Dziuk stated that instruction in safety precautions is provided to: all visitors, clerical and office workers, contract or temporary workers, and female employees concerning prenatal radiation exposure as required by LC 57. A. - D.

In accordance with LC 57.E. all employees and/or contractors working with radioactive material successfully completed all radiation safety training program.

Instrument Calibration - In accordance with 30 TAC §336.315(b)(2) the licensee calibrated radiation survey instruments at intervals not to exceed 12 months.

Calibration records were reviewed for 2012. Instruments were kept in the satellite/operators trailer under the RST supervision. The inspectors randomly verified calibration of the instruments while in the satellite/operators trailer. Calibration of instruments was performed by Ludlum Measurements Inc. No issues were noted.

See Attachment 1

Radiation Protection Program - In accordance with LC 56 and/or 30 TAC §336.304 STMV staff reviewed and prepared the 2012 annual radiation safety program report, dated December 18-20-2012.

The report addressed the areas required and detailed items found during the audit performed by the consulting firm that required attention by STMV staff. The report also included findings and resolutions of the December 2011 annual review. No issues were noted.

Personnel Monitoring (External/Internal) -

External - Dosimetry Program

In accordance with LC 51 the licensee provided thermoluminescent dosimeters (TLDs) to all employees to monitor for external gamma radiation exposure. The licensee stated that instructions on how, where and when to wear the dosimeters are provided to all workers during radiation safety training. The licensee stored the dosimeters in a portable building away from the operational areas.

The inspector reviewed the quarterly dosimeter reports for 2011 and 2012. In accordance with quarterly dosimeter reports from the processor, the maximum recorded deep dose equivalent (DDE) exposure for 2012 was 326 millirem (mR). The maximum recorded DDE exposure for calendar year 2011 was 0.369 mRem. Radiation Detection Company from Gilroy, California (approved by the National Voluntary Laboratory Accreditation Program) was the dosimeter provider and processor.

Internal - Bioassay Program

The collection and analysis of urine would be the primary method of bioassay. According to Mr. Dziuk bioassays are not performed routinely for individuals working at the facility. However, STMV has procedures for performing urine bioassays. When bioassay result is 15 microgram per liter ($\mu\text{g/l}$) or greater, the RSO will notify the employee, investigate the situation, and attempt to determine the cause of the exposure. If bioassay result is 30 $\mu\text{g/l}$ or greater, TCEQ will be

notified within one working day after receiving a report of the high bioassay result. No bioassays were performed in 2012.

Mr. Dziuk stated that STMV only uses the deep dose equivalent (DDE) to calculate the TEDE for each worker. According to Mr. Dziuk, only external monitoring is performed at the facility.

Personnel Monitoring/Frisking - In accordance with LC 59.C. employees performed surveys with an alpha radiation detection instrument for uranium or by-product material contamination before leaving the work site.

Personnel surveys records for calendar years 2011 and 2012 were reviewed. According to Mr. Dziuk an action level in counts per minute (cpm) is determined by factoring the instrument efficiency and diameter of the probe. Calibration of the alpha radiation detection instrument is done daily. STMV used a 250 dpm/100 cm² action limit to alert workers. No issues were noted.

Compliance with requirements for summation of external and internal occupational doses - Based on TLDs monitoring results it appears that STMV has demonstrated compliance with the external occupational dose for 2011 and/or 2012.

Respiratory Protection - In accordance with LC 58.B. protective clothing and respiratory protection was worn by STMV staff as required when performing major repairs, cleaning, maintenance, dismantling, or any other operation(s) which may result in the release of airborne uranium.

Mr. Dziuk stated that it is the policy of STMV to always wear protective clothing and respiratory protection.

Respirator training and fit testing is provided by Cost Containment in Alice, TX. Three STMV employees were fit tested in 2012; and 4 employees were fit tested in 2011 for full and half masks.

According to Mr. Dziuk, Mr. De La Garza performs the respirator inspection monthly. Respirators surveys are performed prior and after each use. Results for after use surveys for 2012 indicated that the highest alpha survey was 28 disintegrations per minute per 100 square centimeters (dpm/100 cm²); removable beta/gamma was 0 dpm/100 cm²; and fixed beta/gamma was 0.02 mR/hr. No issues were noted.

Employee Overexposures - There were no employee overexposures noted for calendar years 2011 and 2012.

Records of Individual Exposures - In accordance with LC 43 the licensee maintained clear and legible records of individual exposures. Records of individual exposures were available and appeared complete as required. No issues were noted.

Notifications and Reports to Individuals - According to Mr. Dziuk, STMV will inform each worker of their exposure dose if TEDE is greater than 100 mRem or per employee's written request.

Radon Monitoring -

In accordance with LC 58.A. the licensee monitored for radon daughters in all 4 sides of the IX facility pad and at the entrance of the control room building on a monthly basis.

The maximum monthly radon daughters result for 2012 was 0.044 working level (WL) at the IX1A. Monthly surveys performed in 2012 did not exceed 25% of the 0.33 WL occupational value as stated in 30 TAC §336.359, Appendix B, Table 1, Column 3.

The inspectors requested from the licensee to demonstrate the method used when performing radon monitoring. Mr. De La Garza stood by the plant pad on the south side holding the filter holder connected to a pump. According to Mr. De La Garza, he stands for at least 5 minutes holding the filter holder at each designated location. He then analyzes the sample and records the results. This is an area of Concern. The inspectors commented that the method used for

radon monitoring may not be an As Low as Reasonable Achievable (ALARA) approach. Mr. Abbaszadeh measured the gamma radiation at the location where Mr. De La Garza was standing. The reading was 300 microrentgen per hour ($\mu\text{R/hr}$) measured with a Ludlum Model 19, serial no. 273074.

Radionuclide releases to the Environment -

In accordance with LC 55.D. in license amendments 4, 5, and 6, the licensee submitted a semi-annual report in July 19, 2012 for the September 1, 2011 through December 31, 2011 period. The licensee did not submit a semi-annual report in September 1, 2012 for the period of January 1 through June 30, 2012. According to Mr. Dziuk, documented discussions between the RMD staff and STMV during 2012 resulted in license amendment no.7, issued on January 29, 2013, changing the frequency of the radionuclides releases report to annually. The licensee submitted the 2012 report in March 2013 to the RMD staff for their review.

Radiation Work Permits -

In accordance with LC 58.B. radiation work permits (RWP) or equivalents were submitted to the RSO as required. Four RWPs were issued between 2012 and 2013. Records indicated that work was performed in the IX columns, tank entries and vessels. Copies of the RWPs, as required by LC 50, dated 10/09/2012 to 01/09/13 were available for review during this investigation. No issues were noted.

Fixed and Removable Alpha Surveys -

In accordance with LC 59.A. the licensee is required to conduct surveys for fixed and removable alpha contamination, by standard wipe or smear methods, monthly in all eating areas, shower and change areas, administrative offices, control rooms, and laboratories. If removable alpha contamination survey results were greater than the limits stated in 30 TAC §336.364 Appendix G then the area needed to be contaminated.

Records reviewed by the inspector indicated that the maximum result of fixed alpha surveys for 2012 was 200 dpm/100 cm². The maximum recorded result of removable alpha surveys for 2012 was 0 dpm/100 cm².

The licensee conducted fixed alpha surveys in the areas described above on a weekly basis. However, according to the licensee, removable alpha surveys were only conducted if fixed alpha surveys exceeded STMV action level of 250 dpm/100 cm². This is an alleged violation.

Gamma Surveys -

In accordance with LC 59.B. the licensee conducted gamma surveys as required.

The highest recorded gamma survey reading for 2012 was 2890 $\mu\text{R/hr}$ at IX columns. No issues were noted.

Fluid By-Product Disposal

In accordance with LC 63 the licensee managed fluid by-product material by injection into a TCEQ permitted WDW. Fluid by-product material was injected into WDW-419.

Solid By-product Material

In accordance with LC 64 A. and B., the licensee sent to an authorized disposal facility, by-product surface-contaminated material and soil or soil-like materials and vegetation that exceed the limits for release for unrestricted use specified in 30 TAC 336.1115(e).

The inspectors reviewed disposal records for the by-product surface-contaminated material and soil or soil-like materials and vegetation that exceed the limits for release for unrestricted use. There were 6 shipments sent off for disposal in 2011; and 7 shipments sent off for disposal in

2012. According to records reviewed by the inspector the material disposed of included PVC pipe, trash, and soil.

In accordance with LC 65, Mr. Dziuk stated that all by-product material was sent off to Energy Fuel Resources (formerly known as Denison Mines), White Mesa Mill in Blanding, Utah, for disposal. The licensee has a contract dated March 24, 2010, with Denison Mines (USA) Corp from Denver, Colorado for disposal of by-product material.

In accordance with LC 67.A. the licensee stored solid by-product material in strong, water tight, containers on a curbed concrete area north of the plant pad. The inspectors went to the concrete storage pad accompanied by the licensee representatives. Thirty one (31) 55-gallon drums were stored at the location. Each container was numbered and labeled with date of closure. The oldest dated drum was December 19, 2012.

In accordance with LC 67.H. solid by-product material was not stored for more than two years without written permission from TCEQ.

Records reviewed by the inspector indicated that 1st drum of solid by-product material originated in January 5, 2011. Disposal records indicated that 50 shipments of by-product material were sent off in June 20, 2011; 46 shipments in June 29, 2011; and 43 shipments in August 18, 2011. No drums exceeded the 2 year storage limit. No issues were noted.

In accordance with LC 67.F. the licensee made all reasonable efforts when storing, for reuse, equipment, piping, and similar materials contaminated with by-product material, to minimize horizontal and vertical migration of contamination. (See "Facility Inspection")

Release/Disposal for Unrestricted Use

In accordance with LC 67.E. the licensee surveyed the materials to be disposed of or released for unrestricted use for presence of radioactive materials contamination.

According to the records, there were 30 shipments of uncontaminated trash disposed of in 2011 and 13 shipments of the uncontaminated trash disposed of in 2012. The uncontaminated trash included items such as trash bags, bags, bottles, boxes, concrete bags and water bottles. Records of the surveys of the uncontaminated materials released for disposal indicated the date of surveys, individual performing the surveys, and instrument used to perform the surveys. The uncontaminated material was sent off to Allied Waste disposal facility.

According to records, there were also 13 shipments of equipment and other items that were released for unrestricted use in 2012; and 19 shipments of equipment and other items released for unrestricted use in 2011. Equipment and materials released for unrestricted use included fork lift, tire, filter pods, frack tanks, coil units, nitrogen pump truck, well heads, poly pipes, filter socks (never used, returned to vendor). Records of the surveys of the uncontaminated equipment and materials released for disposal indicated the date of surveys, individual performing the surveys, and instrument used to perform the surveys.

Inspection Program by the Licensee

In accordance with LC 59.D. the RSO conducted monthly unannounced audits of each alpha survey location as required.

Records for 2012 audits were reviewed. The records noted that employees were continuously reminded of survey techniques.

In accordance with LC 70 the licensee maintained a night-shift, and backup on-site operators.

According to the licensee STMV has 4 operators during day-shift and 2 operators for night-shift. Each operator is equipped with FM radios and cell phones.

In accordance with LC 72 the licensee maintained records on-site of pipeline monitoring between well-field and ion-exchange/process facility.

Records from December 28, 2010 through February 28, 2013 were available and reviewed by the inspectors. No issues were noted.

In accordance with LC 75 the licensee documented daily alarms test.

Records were reviewed from September 1, 2011 through March 1, 2013. The licensee maintains records of daily check alarm panel in the IX facility as required. No issues were noted.

ENVIRONMENTAL MONITORING PROGRAM

In accordance with LC 61.A the licensee conducted radon, groundwater, surface water, surface soil, sediment, vegetation, and direct radiation monitoring at established frequencies.

The licensee submits to the RMD staff the environmental monitoring data for their review. The environmental monitoring will be discussed further with the RMD staff.

POSTING REQUIREMENTS

Posting of Notices to Workers - All required notices were in accordance with 30 TAC §336.403. No issues were noted.

Facility Posting - The facility was posted in accordance with 30 TAC §336.326. No issues were noted.

FACILITY INSPECTION

A facility inspection was conducted on March 14, 2013 by the inspectors. Mr. Dziuk, Mr. De La Garza, and Mr. Hecker accompanied the inspectors during the facility inspection.

Note: During this inspection, a Ludlum Micro R meter Model 19, serial number 273074, and a Ludlum Model 14, serial number 119994 coupled with a Model 44-2, 1 x 1 sodium iodide probe, serial number PR126805 were used by the TCEQ staff to perform the radiation surveys. Gamma radiation levels were recorded approximately ¼ to 2 inches above the ground surface or the surface of the item being surveyed in µR/hr and cpm respectively. A background of 6 µR/hr was measured outside the facility at the entrance gate on FM 3196 by the inspectors.

Satellite Plant

The satellite plant was in operation at the time of the inspection. The satellite plant included four ion exchange columns, chemical/water /waste storage tanks, and processing equipment located within a curbed concrete pad.

Solid By-Product Material Storage Area

The solid by-product material storage area (a curbed concrete pad) was located north of the satellite plant. There were 31 sealed and dated 55-gallon drums stored. All drums checked by the inspector were dated and identified. None of the 55-gallon drums inspected exceeded the two year storage limit. No violation was noted. The solid by-product storage area was well maintained.

Area North of Satellite Plant

An area north of the satellite plant along a fence where there were several 55-gallon drums located was also inspected. The inspectors performed random surveys of the drums. During the surveys it was noted that one drum had elevated readings (60 µR/hr), indicating the presence of radioactive material. Sand like material was found inside a drum. STMV staff could not identify the material. Mr. Dziuk indicated that a sample of the material will be sent off for analyses and

identification. This is an Area of Concern.

Production Areas/Well Fields

PAA1 - Random areas of PAA1 were surveyed by the inspectors. Isolated solid by-product material, such as scale, was observed on the ground, (see Attachment 2, Photo 1). Survey readings of 15 μ R/hr were recorded by the inspectors on two pumps that were not stored on pallets or runners to prevent direct contact with ground surface (see Attachment 2, Photos 2 and 3). The inspectors also observed cigarette buds in the restricted area. These are areas of concern.

The inspectors also drove to an area where large (conner style) containers were stored and performed random surveys. No issues were noted.

PAA2 - Random survey of the area was 10 μ R/hr. No issues were noted.

Waste Disposal Water Well

According to Mr. Dziuk this well is only used for industrial use. It feeds the plant. No issues were noted.

Old Production Plant Site

The inspectors performed random area surveys. Highest survey reading was 22 μ R/hr at an area near a water storage tank. The inspectors went to the warehouse building in the old plant site. The licensee stores unused materials and equipment in this warehouse.

A logging building is maintained at this site. The inspectors were unable to enter the building. However, the inspectors noticed that the building was properly posted. No issues were noted.

CC Brine Water Well

According to Mr. Dziuk no water was coming out of this well. The inspectors were not able to inspect the well because entrance to the well site was locked and according to Mr. Dziuk, the property owner requires notification prior to entering the site.

Environmental Monitoring Stations

PAA1 - The inspectors drove to a designated environmental sample location. No water or sediment was available. Random survey of the area was 5-6 μ R/hr. No issues were noted.

Drilling well #1 (also known as monitoring station LP #4) - The licensee indicated that this was a designated environmental monitoring station, where monitoring for radon, direct radiation, vegetation, surface soil and groundwater is performed. The inspectors noticed two 55-gallon drums that were buried to the rim and a 5-gallon white unlabeled container with unknown substance in it. The inspectors inquired about the contents. Surveys of the drums were near background levels.

PAA2 - The inspectors drove to an environmental monitoring station where monitoring for surface water and sediment is performed. No issues were noted.

License Boundary Fence Line - The inspectors drove along the fence line from PAA1 through PAA3. Random inspections were performed of the licensee designated radon stations for verification of radon measurement device and appropriate placement. No issues were noted.

Brine Plant (licensee's environmental monitoring station LP#3) - Licensee performs the following environmental sampling: radon, direct radiation, vegetation and surface soil, at this site. Random survey of the area was 5 μ R/hr. No issues were noted.

Old Production Plant Site (licensee's environmental monitoring station LP#2) - Licensee performs

the following environmental sampling: radon, direct radiation, surface soil and vegetation, at this site.

Huff's House (licensee's designated environmental monitoring station) - Licensee performs the following environmental sampling: radon, direct radiation, surface soil, groundwater, and vegetation, at this site. Highest randomly performed survey by the inspector was 6 μ R/hr. No issues were noted.

La Palangana Ranch (Drilling Well #2) - Licensee performs groundwater sampling at this site. According to Mr. De La Garza the sampling occurs from the line of tank and not from the well head.

The inspectors performed random area surveys. Highest survey reading was 6 μ R/hr. No issues were noted.

EXIT MEETING

Exit meetings were held each day at the end of the inspection by the inspectors with Mr. Dziuk, Mr. De La Garza and Mr. Hecker. Exit meetings were held on March 12, March 13, and March 14, 2013. The areas of concern and observations noted during the inspection and in this report were discussed.

The inspector also stated that STMV will be informed if further review of inspection notes and or discussion with the TCEQ staff regarding this inspection reveals any additional violation(s) or a need for additional information.

CONCLUSION

This inspection was performed under the provisions of the current Texas Commission on Environmental Quality (TCEQ) Title 30 Texas Administrative Code (TAC), Chapter 336 (Radioactive Substance Rules) and Radioactive Material License No. R06062, Amendment No.'s 3, 4, 5, 6, and 7 issued April 5, 2011, March 14, 2012, November 12, 2012, December 5, 2012 and January 29, 2013, respectively. Three Areas of Concern were noted during this inspection.

Prior to departing the facility STMV staff properly stored and contained field equipment to prevent migration of contaminants. The inspectors verify STMV corrective action before the exit meeting held on March 14, 2013.

Alleged violation of LC 59.A. -

Surveys for removable alpha contamination, by standard wipe or smear methods, were not always performed by the licensee as required by license condition. According to the licensee removable alpha surveys were only conducted if fixed alpha surveys exceeded STMV action level of 250 dpm/100 cm².

Areas of Concern

1. Cigarette buds were found in an area where contamination by uranium of by-product material may occur. In accordance with LC 54 no smoking shall be allowed in these areas. The inspectors did not observe STMV personnel smoking in the area. Mr. De La Garza stated that he will continue to advise the workers to only smoke in the designated areas.
2. Radon monitoring method used by STMV staff. Not an ALARA approach.
3. Unknown material stored in a 55-gallon drum along fence line north of the plant pad. Radiation surveys were 60 μ R/hr indicating the presence of radioactive material.

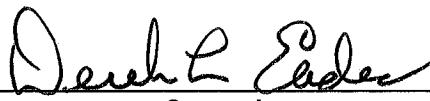
Areas to receive special attention at the next inspection

1. Areas of Concern;
2. Two 55-gallon drums that were buried to the rim and a 5-gallon white unlabeled container with unknown substance in it stored in PAA1 (monitoring station LP #4); and
3. Personnel Monitoring.

No Violations Associated to this Investigation

Signed 
Environmental Investigator

Date 4/10/13

Signed 
Supervisor

Date 4/10/13

Attachments: (in order of final report submittal)

- Enforcement Action Request (EAR)
- Letter to Facility (specify type) : _____
- Investigation Report
- Sample Analysis Results
- Manifests
- NOR

- Maps, Plans, Sketches
- Photographs
- Correspondence from the facility
- Other (specify) : _____
- _____
- _____

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY



SOUTH TEXAS MINING VENTURE, L.L.P

Facility ID No: R06062

CN603194168

RN105231872

March 12-14, 2013

ATTACHMENT 1
Investigation #1099782

March 12-14, 2013

Ro6062 - STMV

Calibration of Instruments Table

Manufacturer	Model No. Instrument/Probe	Serial No. Instrument/Probe	Current Calibration Dates	Previous Calibration Dates
Ludlum	2241/43-5	282806/PR299103	08/22/12	08/05/11
Ludlum	2241/43-5	282832/PR307346	09/19/12	08/31/12
Ludlum	3/44-40	283781/PR303310	08/16/12	08/09/11
Ludlum	2241/43-5	234960/PR299110	04/25/12	03/30/11
Ludlum	2241/43-5	234960/PR245688	04/25/12	03/30/11

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY



SOUTH TEXAS MINING VENTURE, L.L.P

Facility ID No: R06062

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March 12-14, 2013

ATTACHMENT 2
Investigation #1099782

March 12-14, 2013

R06062 STMV

Photo 1 – Traces of solid by-product material (pipe/pump scale) on ground surface



March 12-14, 2013

R06062 STMV

Photo 2 – Pump found in PAA1 containing solid by-product material stored in direct contact with ground surface



Photo 3 – Pump found in PAA1 stored in direct contact with ground surface

