UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION 6
1445 ROSS AVENUE, SUITE 1200
DALLAS, TX 75202-2733

DEC 4 2012

Zak Covar
Executive Director
Texas Commission on Environmental Quality
P.O. Box 13087
Austin, Texas 78711-3087

RE: UIC Program Revision establishing an Aquifer Exemption for uranium mining in the A, B, C, and D sands of the Goliad Aquifer near Ander, Texas in Goliad County

Dear Mr. Covar:

The U.S. Environmental Protection Agency (EPA) has completed its review of the Texas Commission on Environmental Quality's (TCEQ's) formal application to exempt portions of the A, B, C and D sands of the Goliad Aquifer near Ander, Texas and considers it a non substantial revision to the TCEQ underground injection control program. TCEQ's original application was transmitted in a May 24, 2011 letter from Susan Jablonski to Miguel Flores. Accordingly, on May 16, 2012, EPA requested additional information to support a finding that the exempted area of the aquifer does not currently serve as a source of drinking water for nearby drinking water wells. TCEQ's request was amended to reduce the aerial extent of the exemption in a letter dated November 16, 2012 from Charles W. Maguire (received by EPA on November 30, 2012). As such, by authority delegated to the Regional Administrator and redelegated to the Water Quality Protection Division Director, the EPA approves the amended exemption under the criteria provided in Title 40 of the Code of Federal Regulations§146.4.

EPA concludes that the portion of the aquifer proposed for exemption meets the criteria for exemption as follows:

- §146.4 (a): It does not currently serve as a source of drinking water; and
- §146.4 (b) (1): It cannot now and will not in the future serve as a source of drinking water because it has been demonstrated by permit application to contain minerals that, considering their quantity and location, are expected to be commercially producible.

The areal extent of the exempted portions of the A, B, C and D sands are as described by the enclosed map submitted by TCEQ on November 16, 2012 amending the original application. The vertical boundaries of the exempted portions are the top of the A sand and the bottom of the D sand as described in TCEQ's application. This exemption only pertains to the injection of lixiviant through Class III

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injection wells for the purposes of mining uranium, and fluids associated with aquifer restoration following mining operations. If you have any questions, please contact me at (214) 665-7101, or your staff may contact Mr. Philip Dellinger, Chief of the Ground Water/UIC Section at (214) 665-8324.

Sincerely,

William K. Honker, P. E.
Director
Water Quality Protection Division (6WQ)

Enclosure

cc: Art Dohmann, GCGCD
Alvin DeForest, St. Peters Lutheran Church
Harry Anthony, UEC
Charles McGuire, TCEQ

Bryan W. Shaw, Ph.D., *Chairman*
Toby Baker, *Commissioner*
Carlos Rubinstein, *Commissioner*
Zak Covar, *Executive Director*

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

November 16, 2012

91 7108 2133 3935 1936 0479
CERTIFIED MAIL

Mr. William K. Honker, P.E.
Acting Director
Water Quality Protection Division
United States Environmental Protection Agency (EPA)
Region 6
1445 Ross Avenue, Suite 1200
Dallas, Texas 75202-2733

Re: Amended Request for Approval of Non-Substantial Underground Injection Control (UIC) Program Revision to Establish an Aquifer Exemption in the Goliad Formation, Goliad County

Dear Mr. Honker:

Please accept this amendment to TCEQ's pending request for approval of a non-substantial UIC Program revision to identify an exempted aquifer in the Goliad Formation in Goliad County. The TCEQ issued an order on April 29, 2011, designating a portion of the Goliad Formation as an exempt aquifer associated with UEC's in situ uranium mining project. In a letter dated May 24, 2011, the TCEQ submitted a request to EPA for approval of a non-substantial revision of the TCEQ's authorized UIC program to the exempted aquifer.

Notwithstanding the TCEQ's opinion that the submitted program revision request meets all applicable regulatory requirements, in a letter dated October 3, 2012 (received October 4, 2012), UEC has requested that the TCEQ's program revision to EPA be revised to reflect the following changes to this aquifer exemption:

> The exempt area for Sand A be reduced from 423.8 acres to 96.17 acres; and
>
> The exempt area for Sand B, Sand C, and Sand D be reduced from 423.8 acres to 307.03 acres.

In the exempt area for Sand A, the exemption will extend for a depth of 45 feet to 110 feet. In the exempt area for Sands B, C, and D, the exemption will extend from a depth of 110 feet to 404 feet. A copy of UEC's correspondence and a map of the revised area are enclosed. UEC explains that approximately 117 acres have been removed from the original exempted area for Sands B, C, and D, and 327.63 acres have been removed from the original area for Sand A and that private water wells within the buffer zone surrounding the revised area are not capturing groundwater from the designated exempted aquifer. The revised and reduced portion of the aquifer is completely within the exempted aquifer approved by the TCEQ on April 29, 2012; no additional portions of the aquifer are proposed to be exempted. Although the TCEQ does not consider this

demonstration necessary for EPA to approve TCEQ's program revisions request, the TCEQ agrees with the information provided by UEC and believes that the reduction in the size of the exempted aquifer will alleviate all EPA's concerns on the designation of this exempted aquifer. Accordingly, the TCEQ amends the pending program revision for this aquifer exemption to reflect this reduction in area as depicted on the enclosed map. With the exception of the reduced area of the exempted aquifer, all other information previously provided to EPA by TCEQ should continue to be considered as part of our program revision.

In accordance with 40 CFR §§144.7, 145.32, and 146.4, the TCEQ asks for your approval of this amended non-substantial program revision. If you have any questions or comments regarding this matter please contact me at charles.magurie@tceq.texas.gov. If you will be responding by letter, please include mail code MC 233 in the mailing address.

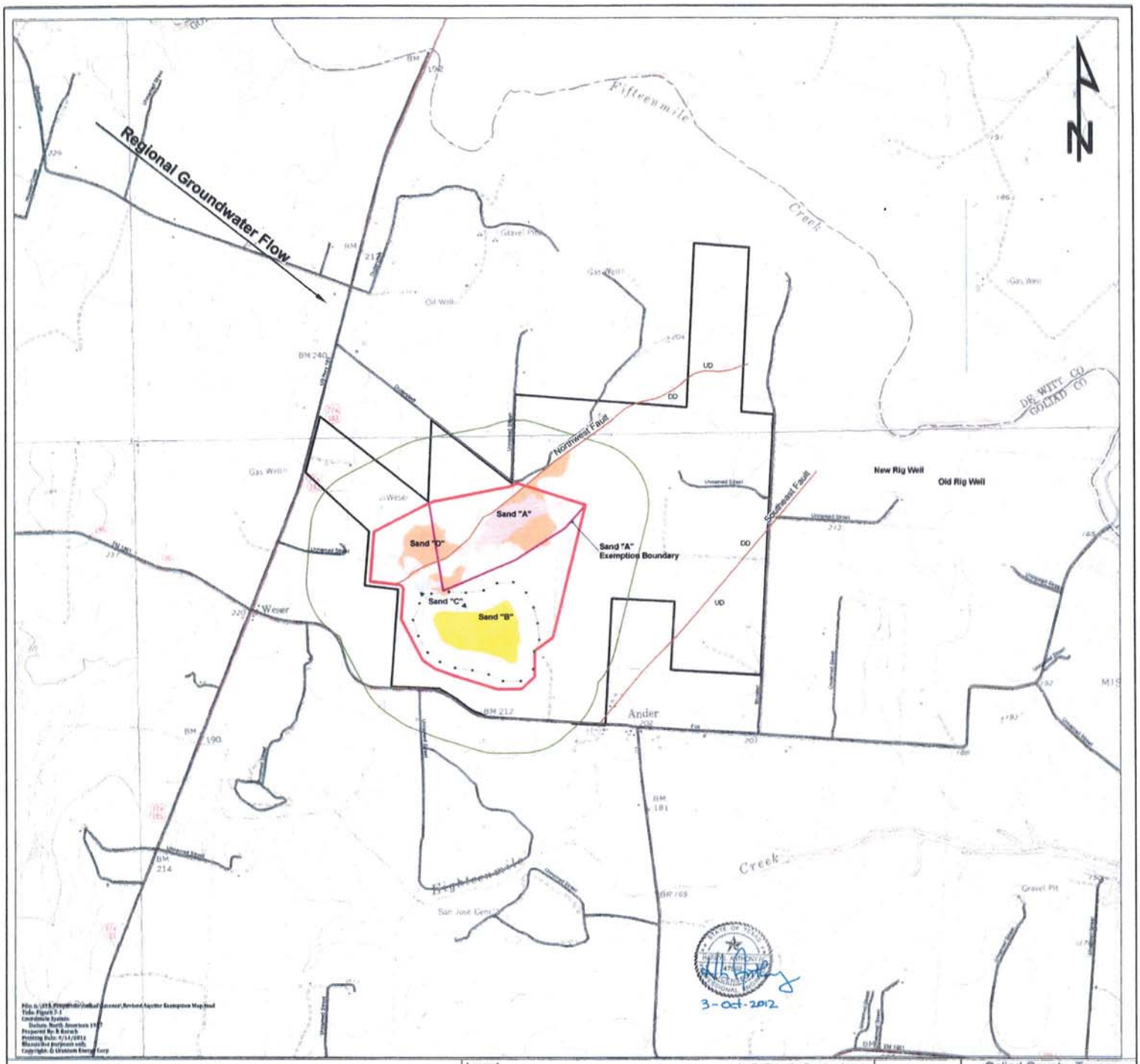
Sincerely,

Charles W. Maguire, Director
Radioactive Materials Division
Office of Waste
Texas Commission on Environmental Quality

CWM/DHM/nlc

Enclosures

cc: Mr. Jose Torres, EPA Region 6, 6WQ-S



Revised Aquifer Exemption Map

1 inch = 1,000 feet

0 500 1,000 2,000 3,000 4,000 5,000 6,000 7,000 8,000 Feet

Legend

- Fault
- Roads
- Aquifer Exemption Boundary
- Sand A
- Sand B
- Sand C
- Sand D
- PAA-1 Monitor Ring
- Aquifer Exemption 25 Mile AOR*
- Permit Boundary

*AOR - Area of Review

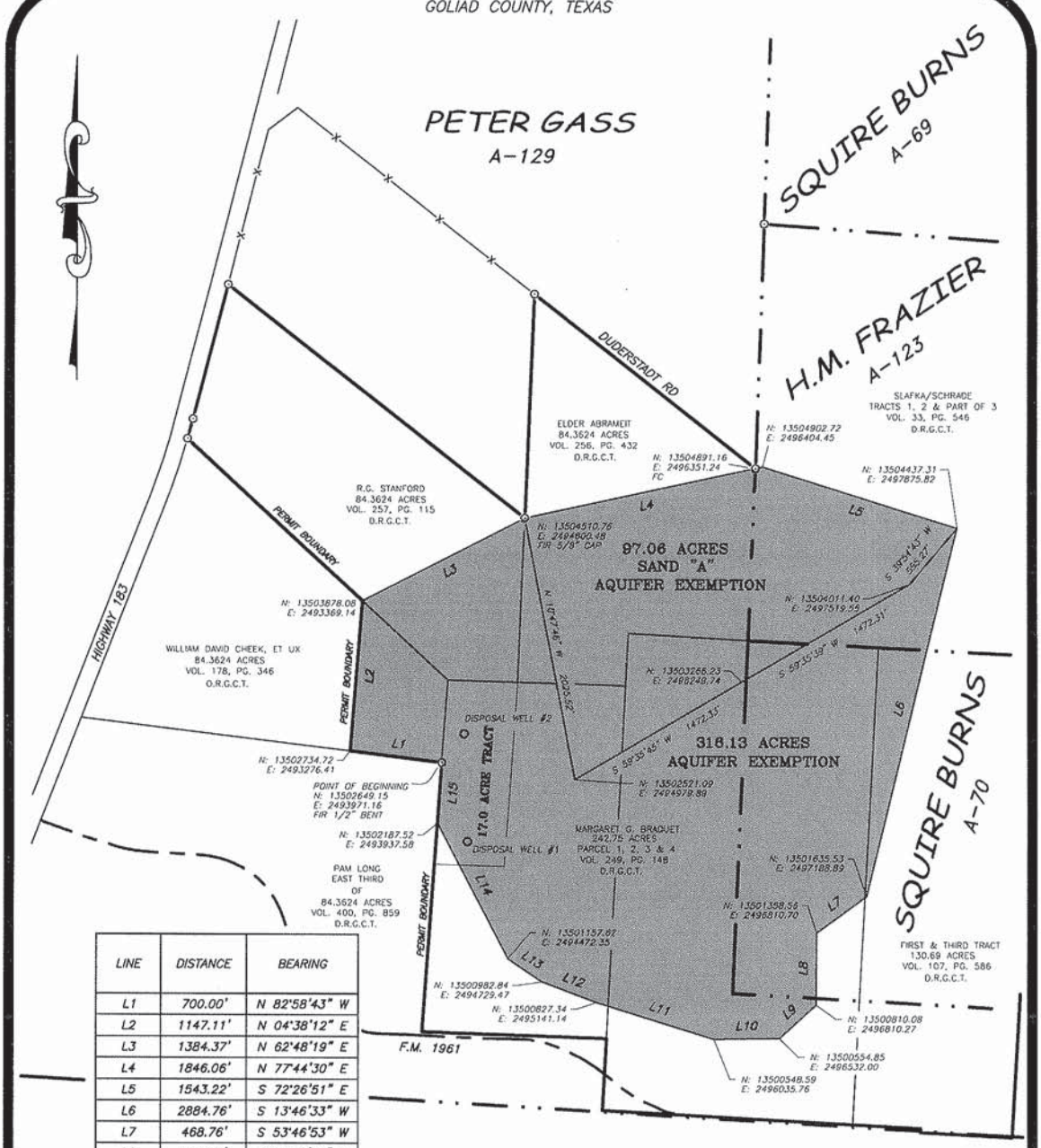
Aquifer Exemption Boundary Acreage:
Original/Total Acreage = 423.8
New Total Acreage = 907.03

Sand A AE* acreage = 96.17
*AE = Aquifer Exemption

UEC Uranium Energy Corp

Goliad County, Texas
Drawn: 10/28/2008
Checked by: CWH & HLA
Revisions: K Barsch 9/14/2012

GOLIAD COUNTY, TEXAS



LINE	DISTANCE	BEARING
L1	700.00'	N 82°58'43" W
L2	1147.11'	N 04°38'12" E
L3	1384.37'	N 62°48'19" E
L4	1846.06'	N 77°44'30" E
L5	1543.22'	S 72°26'51" E
L6	2884.76'	S 13°46'33" W
L7	468.76'	S 53°46'53" W
L8	548.48'	S 00°02'41" W
L9	377.60'	S 47°28'27" W
L10	496.28'	S 89°16'39" W
L11	937.03'	N 72°41'37" W
L12	440.06'	N 69°18'29" W
L13	310.90'	N 55°47'34" W
L14	1160.46'	N 27°26'26" W
L15	462.86'	N 04°09'40" E

SURVEYORS NOTE:
THE INFORMATION SHOWN ABOVE WAS SUPPLIED BY THE CLIENT AND THE SURVEYOR MAKES NO GUARANTEE AS TO ITS ACCURACY.

COORDINATES SHOWN ARE BASED ON THE TEXAS STATE PLANE COORDINATE SYSTEM, NAD 83, SOUTH CENTRAL ZONE WITH CONTROL ESTABLISHED BASED ON THE FOLLOWING COORDINATE VALUES FOR NGS STATION 'SCHROEDER': Y=13,484,798.35 X=2,539,542.22

I HEREBY CERTIFY THAT THIS PLAT IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE, AND BELIEF.

TREY L. McDERMETT
R.P.L.S. # 5652

STATE OF TEXAS REGISTERED TREY L. McDERMETT 5652 PROFESSIONAL LAND SURVEYOR

500 0 500 1000 1500 2000 2500 3000

SCALE: 1" = 1000 FEET

BLACK GOLD SURVEYING & ENGINEERING, INC.
Land & Oilfield Surveying
2711 West Front St. P.O. Box 3416
Alice, Texas 78333
blackgoldsurveying@sbcglobal.net
(361) 668-9200 Fax (361) 668-9204

A PLAT OF:

AQUIFER EXEMPTION AREA FOR:

URANIUM ENERGY CORP.

BEING A CALLED 316.13 ACRE AQUIFER EXEMPTION, BEING OUT OF A CALLED 1,140.42 ACRE PERMIT AREA AND ALSO BEING OUT OF THE PETER GASS SURVEY, A-129, THE SQUIRE BURNS SURVEY, A-69, THE H.M. FRAZIER SURVEY, A-123 AND THE SQUIRE BURNS SURVEY, A-70 AND BEING LOCATED APPROXIMATELY 13.8 MILES, N 06°54' E OF GOLIAD, TEXAS.

Completion Date: 10-26-12		File Name:	121021
Scale:	1"=1000'	Surveyed by:	NA
Drawn by:	TM	Checked by:	TM

PLOT DATE: 10-26-12 1:02 PM

JOB #: 121021