

**DEPARTMENT OF ENVIRONMENTAL QUALITY
STATE OF WYOMING**

NOTICE OF VIOLATION

IN THE MATTER OF THE NOTICE OF)	
VIOLATION ISSUED TO)	
URANIUM ONE USA, INC.)	DOCKET NO. 4900-11
ATTN: MRS. DONNA WICHERS)	
URANIUM ONE USA, INC.)	
907 NORTH POPLAR STREET, SUITE 260)	
CASPER, WYOMING 82601)	
PERMIT 478)	

NOTICE

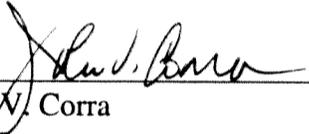
NOTICE IS HEREBY GIVEN THAT:

1. Notice of Violation (NOV) is being sent to you pursuant to Wyoming Statute §35-11-701(c)(i) which requires that a written notice shall be issued in the case of failure to correct or remedy an alleged violation.
2. Uranium One USA, Inc. (Uranium One) is the operator of an in situ uranium mine and minerals processing located in Campbell and Johnson Counties, Wyoming, in Section 9, Township 45 North, Range 77 West. As part of its operation, Uranium One has mined mineral from this site and currently processes uranium mined elsewhere at this site and distributes and sells the uranium for commercial use.
3. Wyoming Statute § 35-11-415(b)(ii) states the operator, pursuant to an approved surface mining permit and mining plan and reclamation plan, or any approved revision thereto, shall conduct all surface mining and reclamation activities within the permit area in conformity with his approved plan.
4. In an email on August 19, 2011, Bill Kearney of Uranium One informed Glenn Mooney and Joe Hunter of a release of sodium chloride brine from a tank at the Irigaray Plant located in Johnson County. Mr. Kearney stated an estimated 7000 to 10,000 gallons was released to a dry ephemeral stream adjacent to the facility. He went on to state information available that indicated the release occurred around August 4 or 5, 2011.
5. Land Quality Division Non-Coal Rules and Regulations Chapter 11, Sections 12(a)(i) requires the operator to verbally report any noncompliance which may endanger public health or the environment within 24 hours of the time the operator becomes aware of the occurrence. The August 19, 2011, email from Mr. Kearney indicates the spill occurred some 14 days before it was reported.
6. Mr. Tim McCullough of Uranium One notified the Nuclear Regulatory Commission in a letter dated August 31, 2011, of the spill and the events surrounding the spill. Glenn Mooney and Joe Hunter were copied on this letter.
7. Land Quality Division Non-Coal Rules and Regulations Chapter 11, Sections 12(a)(ii) requires the operator to provide a written report to the Administrator within five days of becoming aware of the noncompliance occurrence. Mr. Kearney's letter follows 12 days from the initial email to Joe Hunter and Glenn Mooney initially informing them of the occurrence and 26 days from the believed time of the spill incident.
8. Glenn Mooney of the Land Quality Division District III Office conducted an inspection of the spill location on August 24, 2011. Mr. Mooney's inspection found that a spill had occurred with vegetation killed and salt-encrusted soil visible in the drainage bottom. The inspection confirmed that no Waters of the State were involved or affected. Samples of soil were taken during Mr. Mooney's inspection and delivered to InterMountain Laboratories in Sheridan on August 25, 2011.

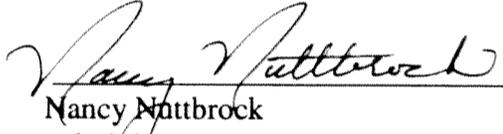
9. On September 13, 2011, results of lab analyses of the soils from the channel bottom were received from Intermountain Laboratories. The laboratory analysis results confirmed that the soils taken from the affected areas of the channel were high in sodium and sodium adsorption ration, while the control sample taken from an adjacent unaffected area was not.
10. The laboratory results were also reviewed by Mr. Jon Sweet, District III soil scientist, who concluded that, based on the high organic content of the samples, the soils in the samples was topsoil.
11. W.S. § 35-11-415(b)(iii) requires the operator to protect the removed and segregated topsoil from wind and water erosion and from acid and toxic materials, and preserve such in a usable condition for sustaining vegetation when restored in reclamation.
12. Wyoming Statute §35-11-901(a) provides that any person who violates any provision of the Environmental Quality Act or any rule, standard, permit, license or variance adopted hereunder is liable to a penalty of ten thousand dollars (\$10,000.00) for each day of violation, which penalty may be recovered in a civil action brought by the Attorney General in the name of the People of the State of Wyoming.

NOTHING IN THE NOTICE shall be interpreted to in any way limit or contravene any other remedy available under the Environmental Quality Act, nor shall this NOV be interpreted as being a condition precedent to any other enforcement action.

SIGNED this 19th day of September, 2011



John V. Corra
Director
Department of Environmental Quality



Nancy Nuttbrock
Administrator
Land Quality Division

Please direct all inquiries regarding this Notice of Violation to Mr. Mark Rogaczewski, District III Supervisor, Wyoming Department of Environmental Quality/Land Quality Division, 2100 West Fifth Street, Sheridan, WY, 82801

Permit No. 478 – Regular Mine Operation

cc: Mark Rogaczewski, LQD DIII
File: Permit 478