

2/11/09 @ 4:50 pm

TCEQ DOCKET NO. 2008-1888-UIC
TCEQ UIC PERMIT NO. UR03075

2009 FEB 13 PM 3:16

APPLICATION BY

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§
§

BEFORE THE

CHIEF CLERKS OFFICE

URANIUM ENERGY CORP

TEXAS COMMISSION ON

FOR TCEQ PERMIT NO. UR03075

ENVIRONMENTAL QUALITY

**GOLIAD COUNTY GROUNDWATER CONSERVATION DISTRICT'S REPLY TO
EXECUTIVE DIRECTOR'S, OFFICE OF PUBLIC INTEREST COUNSEL'S and
APPLICANT'S RESPONSE TO HEARING REQUEST**

The Goliad County Groundwater Conservation District ("GCGCD") files this reply to the Executive Director's ("ED") response, Office of Public Interest Counsel's ("OPIC") response and Applicant's response to hearing request pursuant to 30 Texas Administrative Code (TAC) Chapter 55, Subchapter F (§55.200-211) and 30 TAC Chapter 1 (section 1.10-11).

AREA OF REVIEW

The statute, 30 TAC 331.42(b) (3), defines the area of review to be a minimum of ¼ mile around the permit project area. The ED used 1 km or approximately .6 of a mile to define the area of review while Applicant used ¼ mile. The proposed permit area is in the recharge zone of the Gulf Coast Aquifer, Evangeline Sand. This is an unconfined aquifer. The groundwater travels northwest to southeast in Goliad County. There is nothing in the statute that would prohibit 1 mile down dip from the permit area to be included in the area of review. If 1 mile down dip was used, it would increase the individuals affected by 47, see attached Exhibit 1. Using 2 miles down dip would increase the individuals affected by 31, see attached Exhibit 1. Finally, using 3 miles down dip would increase the individuals affected by 24, see attached Exhibit 1. Therefore, 3 miles down dip there are a total of 102 individuals with domestic wells that would be affected by any groundwater disruption/contamination.

GCGCD believes it is incumbent upon the TCEQ Commission and the State Office of Administrative Hearings ("SOAH") to have an accurate number of individuals affected by this mining. All would agree that at some point in time, everybody down dip of the proposed mining area will have their groundwater affected. To exclude any individual because they live more than .6 mile from the proposed mining area is arbitrary and capricious. There is no statutory maximum area of review. The TCEQ Commission and the SOAH are required to balance the interest of the Applicant vs. the interests of Affected Persons. To use .6 mile from the proposed mining area does not accurately show how many people will be affected by this project. GCGCD strongly urges the ED to expand the area of review to 3 miles down dip from the proposed mining area. To use the statutory minimum or .6 of a mile when analyzing the affect on the only source of drinking water is unconscionable and sends a strong message just how serious the TCEQ and SOAH are about protecting the State's natural resources. The real question is, when there is no statute or commission rule prohibition, what harm is

there to use a three mile down dip analysis to get a more complete picture of how this mining process will adversely affect the aquifer?

AFFECTED PERSONS

GCGCD agrees with OPIC and ED that GCGCD is an affected person as stated in their response to hearing. GCGCD will not take up additional time reiterating those statutes. GCGCD agrees with OPIC that there are a minimum of 54 individual affected persons. However, GCGCD does not agree with ED there are only two affected persons. In the ED's response to hearing, Section II, Applicable Rules, pg. 4, the ED outlines the requirements to qualify as an "affected person." On pg. 5 the ED states, "Requestors in this case fall into three categories: governmental entities; groups or associations; and all other hearing requestors, including individuals. All of the hearing requests substantially comply with the requirements of 30 Tex. Admin. Code Sections 55.201(c) and (d) that the request be timely and in writing, provide contact information, identify the Applicant and the permit number, raise a disputed issue and request a contested hearing case." The important issue here is the requestors complied with the statute, which means the requestors provided contact information. Most of the contact information, if not all, is the physical location of property owners with domestic or livestock water wells.

The ED then proceeds over the next couple of pages, to describe which entities qualify as affected persons. In Section II, (5)(C), page 10, Individuals within the area of review, the ED acknowledges 74 individuals included physical address but only 56 could be mapped and only two individuals (Orr and Rutherford) were located within the area of review. What about all the individuals that own property contiguous to the permit area? Are they not within the area of review? GCGCD has provided, in Exhibit 1, the GPS coordinates to all domestic and livestock wells within 3 miles of the permit area.

Even the Applicant (using the minimum required distance of ¼ mile, wherein the ED uses 1 km or .6 mile) acknowledges 35 affected persons. This number is the total of table 1.1 and 1.2 of Exhibit A to Applicant's Response to Requests for Hearing. GCGCD agrees with the Applicant that there are more than two individual affected persons. GCGCD urges the ED to include every physical address (102) within 3 miles from the permitted area.

COMPLIANCE HISTORY OF APPLICANT

GCGCD agrees with the ED and OPIC that the Applicant's compliance history should be referred to the SOAH. As the ED is aware, the exploration permit issued to Applicant is monitored by the Railroad Commission. In Applicant's Response to Hearing Request, Exhibit 1, Applicant attached several letters from the Railroad Commission, (we're summarizing here), that the Applicant, based on available information, no ground water contamination has occurred as a result of drilling activities. What was not included, which GCGCD urges the ED to ask the SOAH to consider, is the Notice of Violation issued by the Railroad Commission to Applicant, a copy is attached as Exhibit 2. This way all the evidence, both good and bad, is before the SOAH. Applicant's failure to following the rules and regulations of the Railroad Commission is very pertinent to the compliance issue.

In addition, a subsequent report was prepared by the Railroad Commission showing elevated gamma radiation, a copy is attached as Exhibit 3. This report indicates that again the Applicant failed to follow the rules and regulations of the Railroad Commission. GCGCD requests the ED refer this information to the SOAH for consideration.

ISSUES REFERRED TO SOAH

GCGCD agree with Issues Nos. 1-16 identified by OPIC should be considered by the SOAH and supports consolidation of this application with other applications by Applicant as identified by OPIC.

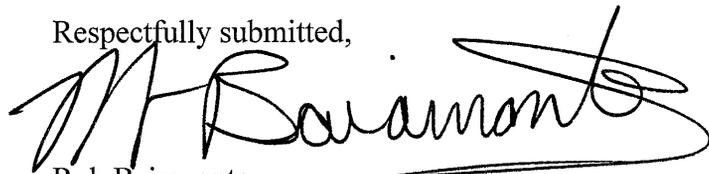
GCGCD also agree with ED's recommendation of Issues Nos. 1-11 be referred to the SOAH. However, GCGCD does **not** agree with ED the SOAH should not consider whether or not the proposed activity will reduce the amount of groundwater available. ED does acknowledge, on page 6, that GCGCD is charged with "protecting groundwater quality and restricting pumping from the aquifer to ensure recharge." "The activities contemplated by the application have the potential to affect groundwater quality outside the permit area, should mining fluids migrate," quoted from page 6 of ED's response to hearing request. In addition, mining activities associated with the Class III water wells could cause a drop in the water table outside the permitted area, thereby having a direct affect on what amount of water will be pumped outside the permit area, to ensure recharge of the aquifer. Both of these issues directly affect GCGCD statutory mandate and must be referred to the SOAH for consideration.

GCGCD agrees with ED and OPIC that the duration for a Contested case Hearing on this matter from preliminary hearing to presentation of a Proposal For Decision before the Commission will be one year.

CONCLUSION

In conclusion, the GCGCD respectfully requests that they be granted a Contested Case Hearing and the matter be referred to the SOAH. That all reports and violations prepared by the Railroad Commission be considered by the SOAH. The area of review to include 3 miles down dip of the proposed mining area. The number of affected persons includes every property owner that has a domestic or livestock water well 3 miles down dip from the permit area.

Respectfully submitted,



Rob Baiamonte
State Bar No. 01513300
P.O. Box 1091
Goliad, TX. 77963
Telephone: (361) 645-2184
Facsimile: (361) 645-1711
Attorney for Goliad County Groundwater Conversation
District

CERTIFICATE OF SERVICE

I hereby certify that on the 12th day of February 2009, a true and correct copy of the foregoing document was sent by facsimile and/or overnight mail to the following:

FOR THE EXECUTIVE DIRECTOR:

Shana Horton, Staff Attorney
Texas Commission on Environmental Quality
Environmental Law Division, MC-173
P.O. Box 13087, Austin, TX 78711-3087
Fax: (512) 239-0606

Donald Redmond, Staff Attorney
Texas Commission on Environmental Quality
Environmental Law Division, MC-173
P.O. Box 13087, Austin, TX 78711-3087
Fax: (512) 239-0606

FOR PUBLIC INTEREST COUNSEL:

BLAS J. Coy, Jr., Attorney
Texas Commission on Environmental Quality
Public Interest Counsel, MC-103
P.O. Box 13087, Austin, TX. 78711-3087
Fax: (512) 239-6377

Garrett Arthur, Attorney
Texas Commission on Environmental Quality
Public Interest Counsel, MC-103
P.O. Box 13087, Austin, TX. 78711-3087
Fax: (512) 239-6377

FOR OFFICE OF PUBLIC ASSISTANCE:

Bridget Bohac, Director
Texas Commission on Environmental Quality
Office of Public Assistance, MC-108
P.O. Box 13087
Austin, TX. 78711-3087
Fax (512) 239-4007

FOR THE CHIEF CLERK:

LaDonna Castanuela
Texas Commission on Environmental Quality
Office of Chief Clerk, MC-105
P.O. Box 13087, Austin, TX. 78711-3087
Fax: (512) 239-3311

FOR THE APPLICANT:

Monica Jacobs, Attorney
Kelly, Hart & Hallman, LLP
301 Congress Ave., Suite 2000,
Austin, TX. 78701
Fax: (512) 495-6401

Stephen C. Dickman, Attorney
Kelly, Hart & Hallman, LLP
301 Congress Ave., Suite
Austin, TX. 78701
Fax: (512) 495-6401

REQUESTER(S)

James Blackburn
Blackburn & Carter
4709 Austin St.
Houston, TX. 77004
Fax (713) 524-5165

CHIEF CLERKS OFFICE

2009 FEB 13 PM 3:16

TEXAS
COMMISSION
ON ENVIRONMENTAL
QUALITY

EXHIBIT 1

TO

GOLIAD COUNTY

GROUNDWATER CONSERVATION DISTRICT'S

REPLY TO EXECUTIVE DIRECTOR'S,

OFFICE OF PUBLIC INTEREST COUNSEL'S

and APPLICANT'S RESPONSE TO HEARING

REQUEST

<i>Landowner</i>	<i>Latitude</i>	<i>Longitude</i>
Raymond and Karon Arnold	2853.206N	9721.698W
Dorian and Carol Thurk	2853.220N	9722.622W
Roy A. and Martha G. Ward	2853.476N	9722.952W
Chesapeake	2853.535N	9720.372W
Kevin Pruett	2874.729N	9726.919W
Livestock Wells Hand Placed		
Garland Hoff		
Jerry Rutherford		
Baecker		
F.F. Post, Jr.		
Archie Abrameit		
Wayne Key		
Robsheaux		
Mark Jacobs		
Delaine Jacobs		
Kickendahl		
Mike Wilburn		
Seitz		
Pieper		
Bob Guilley		
Nancy Gerhardt		
Harley Martin		
Larry Cis		
Tom Bochat		
Billy Domburg		
Poppert		
Freestone		
Schrade		
Halepeska		
Louise Bitterly		
Fritz Zengerle		
Liesman		
Mary Gray		
Dennison		
Carl Barnett		
Kelly Armecke		
Monte Real		
Alton Klanika		
Tom Morris		
Elizabeth Haun		
Gary Wacker		
Mikeska		
Diane Foster		

Landowner	Latitude	Longitude
Larry Sisson	2850.421N	9718.347W
Donald A. Geno	2850.445N	9719.160W
Vernette McMullen	2850.451N	9720.100W
Dert Stehling	2850.452N	9719.691W
Johnny Barrera	2850.545N	9718.321W
Beverly Hartman	2850.550N	9717.688W
Albert Hartman	2850.576N	9718.554W
Jesse McCaskill	2850.626N	9718.518W
Eugene Kotzur	2850.629N	9719.536W
Trey Schrade	2850.805N	9719.545W
Sharon Brannon	2851.020N	9718.999W
Mike Abrameit	2851.033N	9719.108W
Marjorie Baecker	2851.237N	9720.540W
Paul H. Breedan, Jr.	2851.306N	9719.950W
Paul H. Breedan, Jr.	2851.31N	9719.942W
Breedan	2851.406N	9719.976W
Raymond Decker and Cathy Brunicardi	2851.416N	9729.178W
Scott Orr	2851.460N	9720.558W
St. Peter's Lutheran Church	2851.460N	9720.712W
Roman and June Bethke	2851.483N	9720.631W
Jo Ann Edge	2851.505N	9719.331W
John Adickes	2851.505N	9720.661W
Glen Baecker	2851.513N	9720.796W
Billy Dornburg	2851.516N	9722.286W
Esther Post Estate	2851.582N	9719.452W
Wayne Henderson	2851.707N	9718.885W
Tom Morris	2851.707N	9718.887W
Joan S. Folks	2851.710N	9726.704W
Braquet	2851.724N	9720.950W
Otto Bluntzer, Jr.	2851.818N	9719.862W
Otto Bluntzer	2851.819N	9719.861W
Milagro Exploration	2851.831N	9727.112W
Braquet	2851.908N	9721.716W
Aldon Bade	2851.954N	9722.199W
Dick Tolbert	2851.964N	9719.710W
Lucille Gisler	2852.018N	9722.066W
Gaylon and Barbara Kornfruehrer	2852.048N	9722.546W
David Cheek	2852.164N	9721.841W
Gene and Reta Brown	2852.172N	9722.435W
Uranium Energy Corp	2852.274N	9720.953W
Halepeska	2852.337N	9720.406W
Joe Jacob	2852.362N	9719.389W
Greg Chapman	2852.366N	9721.412W
Craig Duderstadt	2852.528N	9721.114W
Luann and Craig Duderstadt	2852.53N	9721.118W
Thomas and Mary Anklam	2852.557N	9721.741W
Margaret A. Rutherford	2852.635N	9720.05W
Bernard Zengerle	2852.6N	9723.04W
Olivia McDonald	2852.894N	9719.961W
Kristal Ross	2852.90N	9723.864W
Jim and Nancy Bluntzer	2852.910N	9719.969W
Rick McKinney	2853.010N	9721.411W
Ernest Hausman	2853.056N	9719.952W

Landowner	Latitude	Longitude
Debby and Kirby Brumby	2848.807N	9728.456W
Graham Cattle Co.	2848.811N	9720.003W
Albrecht	2848.841N	9719.972W
Gayle Albrecht	2848.843N	9719.967W
Mike Calhoun	2848.852N	9720.412W
F. Wayne Albrecht	2848.875N	9720.218W
Erskine Energy	2848.984N	9729.532W
F. Wayne Albrecht	2849.00N	9720.25W
Wayne Albrecht	2849.223N	9720.166W
David Bowman	2849.279N	9717.064W
Gayle Albrecht	2849.286N	9719.578W
Don Jacob	2849.292N	9716.843W
Don Jacob	2849.326N	9716.547W
Hardy	2849.328N	9717.688W
Don Jacob	2849.330N	9716.555W
Kenneth B. Robertson	2849.353N	9712.995W
Reinemann	2849.358N	9714.635W
Harold Baecker	2849.406N	9717.516W
Doug Scott	2849.430N	9717.346W
Fritz Sturm	2849.459N	9720.105W
Fred Wayne Albrecht	2849.465N	9720.073W
Fritz Sturm	2849.583N	9720.069W
Marvin Williams	2849.633N	9718.469W
Shirley D. Smith	2849.643N	9727.360W
Rudy Cope	2849.704N	9720.763W
Steven M. Miori	2849.746N	9717.251W
Kenneth Kickendahl	2849.749N	9716.728W
Eddie Nitschmann	2849.766N	9720.885W
Michael Calhoun	2849.842N	9720.058W
Mr. and Mrs. Wayne Henderson	2849.852N	9718.181W
David and Carol Warren	2849.873N	9723.858W
Paul and JoLynn Bethke	2849.902N	9720.054W
Warfield Frisbie	2850.062N	9721.451W
Travis Fromme	2850.072N	9724.068W
Vickie Goldman	2850.077N	9720.897W
M. L. Stauss	2850.078N	9721.683W
Miles Stauss	2850.096N	9721.937W
Wayne Key	2850.132N	9721.500W
Haynes	2850.22N	9718.33W
Vicki Goldman	2850.235N	9721.738W
Mr. and Mrs. Joel Greiser	2850.244N	9718.546W
Gaylon Willms	2850.262N	9719.964W
James and Belle Smith	2850.285N	9718.857W
Jorgensen	2850.28N	9718.31W
Gaylon Willms	2850.312N	9719.934W
Ander-Weser Volunteen Fire Department	2850.312N	9720.245W
Norma Bethke	2850.314N	9719.126W
Vernette McMullen	2850.350N	9720.380W
Trey and Jennifer Schrade	2850.366N	9719.656W
Derl Stehling	2850.368N	9719.744W
Gary Moreland	2850.408N	9719.852W
Dominion Ex. & Prod.	2850.416N	9718.035W
Larry Sisson	2850.417N	9718.345W

Landowner	Latitude	Longitude
Kenneth Kickendahl	22843.479N	9718.522W
C B Energy	28°53.005N	97°21.797W
John Barnhart	2837.797N	9739.949W
John and Margie Dreier	2843.462N	9718.536W
Lawrence and Maggie Christ	2844.051N	9720.360W
Ross	2844.277N	9720.569W
Norman & Cynthia Renfro	2844.711N	9720.460W
Josh Fromme	2844.736N	9708.39W
Matye Bego Tumlinson	2844.780N	9714.952W
Matye Tumlinson	2845.004N	9715.221W
Chris Dulac	2845.009N	9716.595W
Kevin Pruitt	2845.033N	9716.479W
Brent Dornburg	2845.306N	9718.895W
Robb	2845.321N	9719.259W
Rogers A. Kelley	2845.357N	9716.874W
Steve Weise	2845.652N	9714.559W
Domak	2845.707N	9720.365W
Wilburn and Doris Duderstadt	2845.894N	9727.546W
Arthur R. Franke	2845.919N	9720.924W
Chapman	2846.033N	9715.666W
Kathy Albrecht	2846.048N	9717.227W
Arthur & Oleo Franke	2846.083N	9721.215W
Chris & Susan Mikulenska	2846.293N	9715.502W
Misty (Franz) Glass	2846.360N	9715.429W
Parker	2846.585N	9720.305W
Donald Krueger	2846.768N	9716.366W
Donald Krueger	2846.822N	9716.304W
Kyle Neubar	2846.864N	9717.071W
Billy Guenther	2847.006N	9715.283W
Larry Lange	2847.015N	9721.737W
Billy Guenther	2847.036N	9715.303W
Joseph Diaz	2847.04N	9714.30W
Fisher	2847.127N	9715.247W
Michael Cope	2847.199N	9715.183W
Stryker	2847.296N	9714.680W
Chesapeake Oil	2847.308N	9719.173W
Clayton Schutz	2847.374N	9714.618W
Friedricks	2847.48N	9719.27W
Chesapeake	2847.524N	9719.260W
Roland Karnei	2847.627N	9720.164W
Ray Albrecht	2847.818N	9719.878W
Jim Kreneck	2847.894N	9725.065W
Larrie and Brenda Brysch	2847.908N	9719.896W
Cecil McCracken	2848.063N	9715.201W
Chesapeake	2848.072N	9721.525W
Bobby Stacey	2848.120N	9720.826W
Bobby and Rosemary Stacy	2848.127N	9720.827W
Chesapeake	2848.205N	9716.828W
Camacho	2848.21N	9714.37W
Chesapeake	2848.241N	9721.738W
Brayton Operating	2848.368N	9716.063W
John W. and Pearl J. Caldwell	2848.403N	9719.795W
Doris and Charles Bluntzer	2848.707N	9720.240W



LOCATION	AFFECTED PROPERTY OWNER
Inside Permit Area	Braquet
	Halepaska
	Stanford
	Sharon Schrade Bryan
	4 total
1 mile Radius	James Bluntzer
	Margaret B. Rutherford
	Joseph R. Jacob
	Otto Bluntzer, Jr.
	Mary Bluntzer Gray
	Diana Schrade Slafka
	Sharon Schrade Bryan
	Jon Arlis Adickes
	Laura Sue Adickes Rogers
	Amy Lynn Adickes Wilburn
	June Bethke
	St. Peter's Lutheran Church
	Harold Baecker
	Nancy Gerhardt
	Glen Baecker
	Randy Liesman
	Bruce D. Liesman
	Pam Long
	Jo Nell Martin
	William and Diana Cheek
	Vergie Bitterly
	Deanna Wacker
	Cecilia Gleinser Edwards
	Thomas and Mary Anklam
	Michael and Kay Walker
	Craig Layne Duderstadt
	Ernest and Frances Hausman
	Marjorie Baecker
	Paul Breedan, Jr.
	Scott Orr
	Billy Dornburg
	Ester Post Estate
	Aldon Bade
	Dick Tolbert
	Lucille Gisler
	Gaylon and Barbara Kornfruehrer
	David Cheek
	Gene and Reta Brown
	Olivia McDonald
	Rick McKinney
	Raymond and Karon Arnold
	Larry Cis
	Freestone
	Kelly Arnecke
	Gary Wacker
	Mikeska
	Diane Foster
47 total	
2 mile downdip	Warfield Frisbie

LOCATION	AFFECTED PROPERTY OWNER
	Vickie Goldman
	M. L. Stauss
	Wayne Key
	Gaylon Willms
	Ander-Weser Volunteer Fire Dept.
	Norma Bethke
	Vernette McMullen
	Trey and Jennifer Schrade
	Derl Stehling
	Gary Moreland
	Donald Geno
	Eugene Kotzur
	Sharon Brannon
	Mike Abrameit
	Jo Ann Edge
	Wayne Henderson
	Tom Morris
	Jerry Rutherford
	F.F. Post, Jr.
	Archie Abremeit
	Wayne Key
	Robsheaux
	Kickendahl
	Pieper
	Harley Martin
	Poppert
	Monte Real
	Carl Barnett
	Alton Klanika
	Elizabeth Haun
	31 total
3 mile downdip	Wayne Albrecht
	Gayle Albrecht
	Fritz Storm
	Marvin Williams
	Randy Cope
	Eddie Nitschmann
	Michael Calhoun
	Paul and JoLynn Bethke
	Miles Stauss
	Haynes
	Joel Greiser
	James and Bell Smith
	Jorgensen
	Larry Sisson
	Johnny Barrera
	Albert Hartman
	Jesse McCaskil
	Garland Hoff
	Mark Jacobs
	Delaine Jacobs
	Mike Wilburn
	Seitz
	Bob Gulley

<i>LOCATION</i>	<i>AFFECTED PROPERTY OWNER</i>
	Tom Bochat
	24 total

EXHIBIT 2

TO

GOLIAD COUNTY

GROUNDWATER CONSERVATION DISTRICT'S

REPLY TO EXECUTIVE DIRECTOR'S,

OFFICE OF PUBLIC INTEREST COUNSEL'S

and APPLICANT'S RESPONSE TO HEARING

REQUEST



RAILROAD COMMISSION OF TEXAS

SURFACE MINING AND RECLAMATION DIVISION

March 27, 2007

Mr. Randy Reneau
Chief Exploration Officer
Uranium Energy Corporation (UEC)
9801 Anderson Mill Road, Suite 230
Austin, Texas 78750

RE: Weesatche Project, Goliad County
Uranium Exploration Permit No. 123
Inspection Report

Dear Mr. Reneau:

Enclosed is a copy of the report for the inspection completed on March 7-9, 2007 at UEC's Weesatche Project, Goliad County. The inspection focused on assessing the borehole site reclamation in accordance with the performance standards defined in the permit application, permit issuance letter and the Uranium Act and Regulations. Deficiencies with the borehole and mud pit reclamation were identified during the inspection and Notice of Violation No. 080A was issued on March 13, 2007.

On March 21, 2007 Mr. Craig Holmes and Ms. Monica Jacobs met with myself and Staff to discuss the inspection findings and the remedial actions required under the violation notice. My Inspection and Enforcement Staff will continue to make themselves available to further discuss any of the inspection findings.

Additionally, a gamma radiation survey of the area was conducted for comparison of the pit area radiation levels with the normal background level. The soil samples collected as part of this survey are still being analyzed and will be included in a subsequent report.

If you have any questions, please contact me at (512) 463-6901.

Sincerely,

A handwritten signature in black ink that reads "Melvin B. Hodgkiss".

Melvin B. Hodgkiss, Director
Surface Mining and Reclamation Division

MBH/ms
Enclosure

cc: Mr. Harry L. Anthony, UEC Chief Operations Officer



**RAILROAD COMMISSION OF TEXAS
SURFACE MINING AND RECLAMATION DIVISION
URANIUM EXPLORATION INSPECTION REPORT**

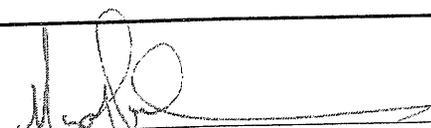
Mine Name: Weesatch Project Permit Number: 123
 Permittee: Uranium Energy Corporation (UEC) County: Goliad
 Industry Representative(s) Present: Mike O'Leary
 Inspector: Murphy Hawkins, Michael Gay, Jon Brandt, Dean Poth Date of Inspection: March 7-9, 2007

I. Field Conditions and Data Collection

Samples Collected: No Yes Sample Type: Water Soil Vegetation
 Average Temperature 70° F Soil Condition Dry Date Last Rainfall unknown Wind Direction/
 Velocity (Est.) _____
 Photographs Attached: No Yes

II. Enforcement Action Taken

Notice of Violation Issued: No Yes NOV No. 080A
 Cessation Order Issued: No Yes CO No. _____


 Inspector Signature

03/23/2007
 Date

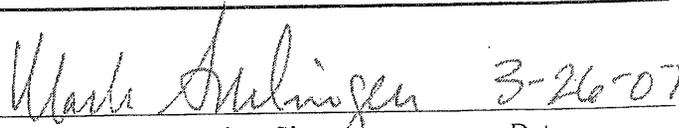

 Reviewing Supervisor Signature 3-26-07
 Date

EXHIBIT 3

TO

GOLIAD COUNTY

GROUNDWATER CONSERVATION DISTRICT'S

REPLY TO EXECUTIVE DIRECTOR'S,

OFFICE OF PUBLIC INTEREST COUNSEL'S

and APPLICANT'S RESPONSE TO HEARING

REQUEST



RAILROAD COMMISSION OF TEXAS

SURFACE MINING AND RECLAMATION DIVISION

September 6, 2007

Mr. Rob Baiamonte
Goliad County Attorney
P.O. Box 24
Goliad, Texas 77963

RE: Uranium Exploration Corporation (UEC)
Weesatch Project, Goliad County
Uranium Exploration Permit No. 123A

Dear Mr. Baiamonte:

As indicated in the August 10, 2007, letter from Melvin Hodgkiss to you, enclosed is a copy of a post-remediation survey for gamma radiation on selected areas within the permit boundary of uranium exploration Permit No. 123A. This survey was conducted as a follow-up to our initial survey performed in March. Two instances of gamma radiation above our observed background levels (4-7 micro-R/hr) were identified, possibly indicating that insufficient topsoil was placed over drilling mud or cuttings near two plugged boreholes. We will be conducting an inspection in September to determine whether any anomalies exist with respect surface reclamation of the disturbance resulting from these two boreholes. The post-remediation gamma radiation survey revealed that all other sampled areas were at or below our observed background levels.

Sincerely,

A handwritten signature in cursive script that reads "John E. Caudle".

John E. Caudle, P. E.
Surface Mining and Reclamation Division

JEC/flj
Enclosure

cc: Art Dohmann

A rectangular stamp with the word "RECEIVED" in large, bold, capital letters. Below it, the date "9-13-07" is stamped in a smaller font.

RAILROAD COMMISSION OF TEXAS

MICHAEL L. WILLIAMS, *CHAIRMAN*
VICTOR G. CARRILLO, *COMMISSIONER*
ELIZABETH A. JONES, *COMMISSIONER*

INTERNAL
MELVIN B. HODGKISS, P.E., *DIRECTOR*
SURFACE MINING AND RECLAMATION DIVISION

MEMORANDUM

TO: Melvin B. Hodgkiss, Director *M.B.H.*
Surface Mining and Reclamation Division

FROM: Jon E. Brandt, P.G., AML Soil Scientist
Surface Mining and Reclamation Division

SUBJECT: Report on Follow-up Gamma Radiation Survey at UEC Permit 123 Leases

DATE: August 30, 2007

Attached please find the report titled, "Follow-up Survey of Areas with Elevated Gamma Radiation Levels – Uranium Energy Corporation, Permit 123, Weesatche Project. A PDF version of the report has been saved in the Div_pool\UEC_123 directory (the filename is UEC_123 PostNOV_RadSurvey_Final). I am available if there are any questions about the report.

Jon E. Brandt

Jon E. Brandt, P.G.
AML Soil Scientist

Attachment

cc: Mark Schlimgen
John Caudle

Report

Follow-up Survey of Areas With Elevated Gamma Radiation Levels (Uranium Energy Corporation, Permit 123, Weesatche Project)

Prepared by

Jon E. Brandt, P.G.
Soil Scientist, AML Program

Surface Mining and Reclamation Division
Railroad Commission of Texas

August 30, 2007

Follow-up Survey of Areas With Elevated Gamma Radiation Levels (Uranium Energy Corporation Permit 123, Weesatche Project)

Summary

A follow-up gamma radiation survey was conducted over the mud pit/borehole areas with previously measured elevated gamma radiation levels, after remediation work required by a Notice of Violation (NOV) was completed by Uranium Energy Corporation (UEC). The objective of this survey was to determine the gamma radiation levels for areas surrounding the twenty-two boreholes that were found to have elevated gamma radiation levels (values over 7 micro-Roentgen/hour [micro-R/hr]) during the radiation survey conducted in March 2007. The perimeters of the follow-up survey areas were delineated with a 25-foot buffer around all locations exhibiting radiation between 8 and 11 micro-R/hr. The recently collected data indicate that the gamma radiation for the majority of the boreholes was reduced to background levels as a result of UEC's remediation work. Two small areas had a range of radiation levels that were similar to those measured during the pre-remediation survey.

Background Information

Previous Survey

- Gamma radiation data were collected on March 7th, 8th, and 9th, 2007.
- The initial radiation survey was limited to any of the 202 borehole and associated mud pit locations that were provided to the Surface Mining and Reclamation Division by UEC. These were the boreholes that had been drilled between May 2006 and February 2007.
- I obtained measurements for the mud pits and surrounding, undisturbed areas, for approximately 132 boreholes (65% of boreholes).
- The background (ambient) gamma radiation estimate ranged from 4 to 7 micro-R/hr at a 1-meter height, with 88% of the observations ranging from 5 to 6 micro-R/hr.
- The gamma radiation associated with boreholes and mud pit disturbance areas ranged from 4 to 11 micro-R/hr. All of the radiation observations above 7 micro-R/hr were recorded near the boreholes and mud pit disturbances; however, only a small proportion (22 of 132, or 17%) of the surveyed boreholes/mud pits exhibited the higher radiation levels.

Termination of Notice of Violation

- Remedial action required under Notice of Violation (NOV) 080A required the permittee to install a concrete surface plug, mark the exact location of each borehole, and remove all drilling mud, cuttings, cement, and other debris and burying it with no less than one foot of topsoil.
- Remediation work was inspected on June 18, 2007 and, as a result of the inspection, the NOV was terminated.

Follow-up Survey Methods

General Design of Survey

My main objective was to survey the twenty-two areas surrounding the boreholes that exhibited elevated gamma radiation levels during the survey conducted in March 2007. The affected areas

were delineated using GIS (Geographic Information System) software, by establishing a 25-foot buffer around all locations that had radiation levels between 8 and 11 micro-R/hr. The follow-up survey was conducted in a similar manner to the March 2007 survey: I walked over the 22 areas, stopping to record gamma radiation measurements at regular intervals or when the meter readings changed. On average, I recorded a radiation measurement every 3 to 25 feet, depending on the radiation level fluctuation. Measurements were made 1 meter above the ground surface. All measurement locations and meter readings were recorded with global positioning system (GPS) equipment.

Equipment Used

- Ludlum 12S MicroR meter (1" × 1" sodium iodide scintillator); measures gamma radiation; calibrated on February 13, 2007.
- Trimble ProXRS GPS Receiver with TSC1 data collector, using satellite corrections to provide differential GPS (DGPS) capabilities and sub-meter accuracy.

Survey Details

- Gamma radiation data were collected on August 23, 2007.
- The radiation survey was limited to the 22 areas that had previously exhibited elevated gamma radiation levels.

Follow-up Survey Results

All of the point data collected during the radiation survey were downloaded from the GPS and added to a GIS (geographic information system) map. The radiation data were not evaluated statistically, as the locations and density of measurements were slightly different for both surveys. However, a comparison was made of the range of gamma radiation values before and after UEC's NOV remediation work.

- 626 gamma radiation measurements were collected (see Figure 1).
- Most of the observations (94%) were similar to the estimated background (ambient) gamma radiation levels (4 to 7 micro-R/hr).
- Twenty of the 22 areas had reduced radiation levels after the NOV remediation work was completed (see Table 1).
- Two small areas (approximately 967 square feet, total) associated with two boreholes (RBLA-3 and RBLD-5) had a range of radiation levels that were similar (maximum values above 7 micro-R/hr) to those measured during the pre-remediation survey.

Table 1. 22 areas where elevated gamma radiation levels were observed in March 2007.

Date Drilled	Borehole Location	Driller	Pre-Remediation Radiation Survey micro-R/hr Range	Post-Remediation Radiation Survey micro-R/hr Range
5/18/2006	30892-85c	Triple C	6 to 11	5 to 7
5/24/2006	30892-86c	Triple C	7 to 11	5 to 8
7/18/2006	32206-11	Klufa	6 to 10	5 to 7
10/27/2006	30892-98	Quick Mud	6 to 8	6
10/31/2006	30892-99	Quick Mud	6 to 8	5 to 6
10/31/2006	30892-103	Quick Mud	5 to 8	5 to 6
11/1/2006	30892-117	MHC	5 to 8	5 to 7
11/2/2006	30892-112	Quick Mud	5 to 9	5 to 6
11/3/2006	30892-116	MHC	5 to 8	5 to 7
11/6/2006	30892-113	Quick Mud	6 to 8	5 to 6
11/6/2006	30892-115	Quick Mud	5 to 8	5 to 7
11/6/2006	30892-106	MHC	5 to 8	5 to 6
11/7/2006	30892-114	MHC	5 to 9	5 to 6
11/7/2006	32202-96	MHC	7 to 8	5 to 6
11/15/2006	32202-117	Quick Mud	5 to 11	5 to 6
11/15/2006	32202-99	MHC	5 to 8	5 to 7
12/8/2006	RBLA-3	MHC	5 to 11	5 to 10
12/12/2006	32201-N2	Quick Mud	5 to 8	5 to 6
12/13/2006	RBLD-5	MHC	5 to 11	5 to 10
12/15/2006	32201-N5	Quick Mud	7 to 8	5 to 6
1/11/2007	30892-85AC	MHC	6 to 11	5 to 7
2/6/2007	32201-N70	Quick Mud	6 to 9	5 to 6

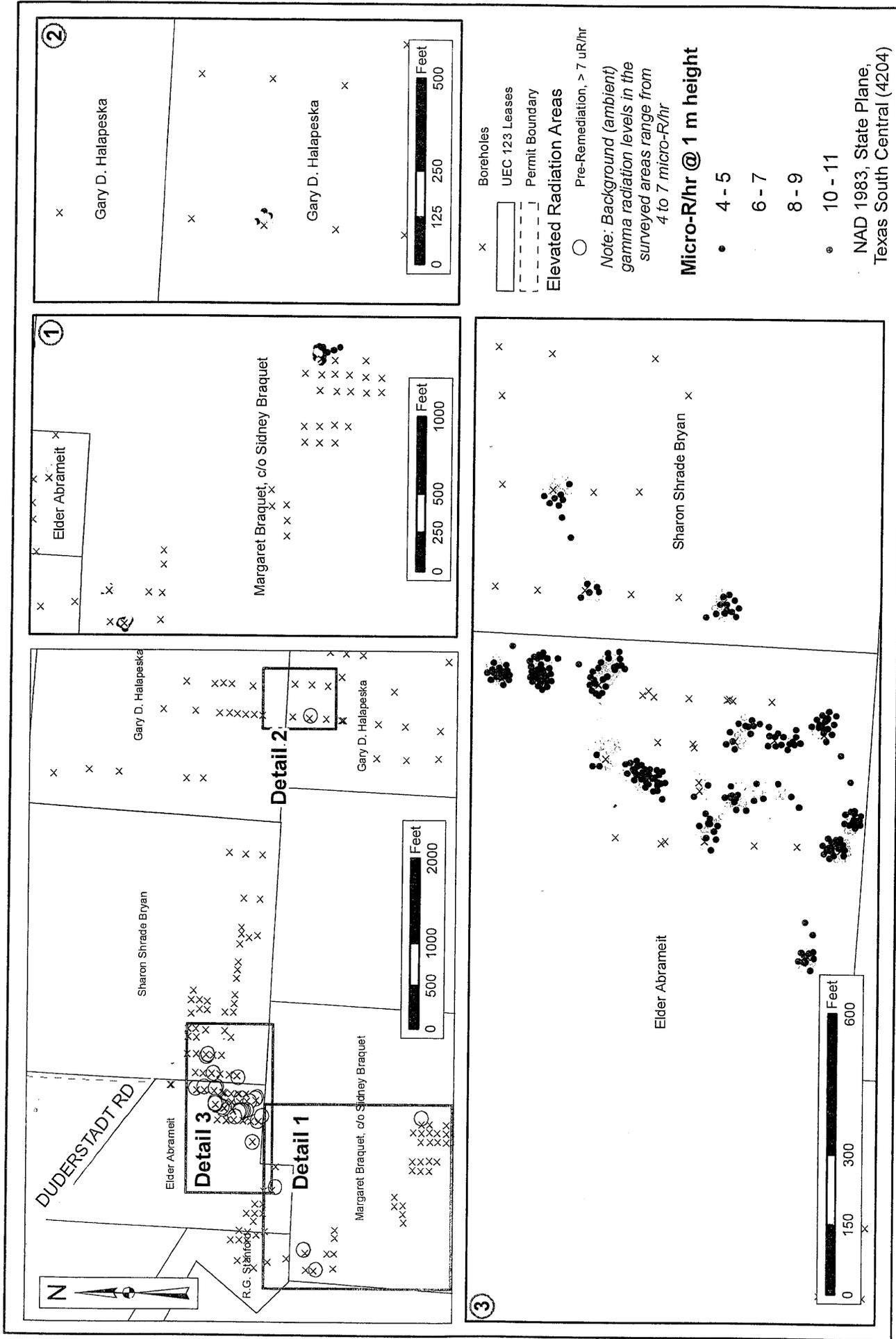


Figure 1. Gamma Radiation Survey After Remediation.
(Uranium Energy Corporation Permit 123, Weesatche Project)

Railroad Commission of Texas
Surface Mining and Reclamation Division



DIV_POOLUEC_123(Field_Data>Data_Analysis)
UEC_123_PostNOVRadSurvey.mxd

Jon Brandt, P.G. (AML Soil Scientist)
August 30, 2007

NAD 1983, State Plane,
Texas South Central (4204)

Micro-R/hr @ 1 m height

- 4 - 5
- 6 - 7
- 8 - 9
- 10 - 11

Note: Background (ambient) gamma radiation levels in the surveyed areas range from 4 to 7 micro-R/hr

Elevated Radiation Areas

- Pre-Remediation, > 7 uR/hr
- Boreholes
- UEC 123 Leases
- Permit Boundary

