



Matt Mead, Governor

Department of Environmental Quality

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



John Corra,
Director

June 14, 2011

Mr. John Cash
Lost Creek ISR, LLC
5880 Enterprise Drive, Suite 200
Casper, WY 82609

**RE: USEPA denial of aquifer reclassification request for the Lost Creek ISR, LLC
Project, TFN 4 6/268**

Dear Mr. Cash,

Please note the attached letter from the USEPA (Stephen S. Tuber of EPA Region 8). It explains the USEPA's denial of the requested aquifer reclassification (from Class IV to Class V) for a portion of the HJ Horizon of the Battle Spring Formation. If you have specific questions regarding this correspondence, please feel free to contact me or Mark Moxley at (307) 332-3047.

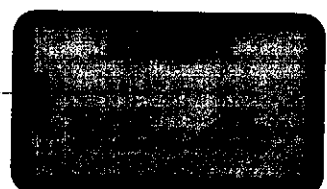
Respectfully,

Melissa L. Bautz, P.G.
District II Natural Resources Analyst

Enclosures Copy of letter from USEPA to Kevin Frederick (WDEQ/WQD)

Cc Mr. Harold Backer, Ur-Energy USA, 10758 W. Centennial Rd. Suite 200, Littleton, CO 80127 (w/encl)
Mark Newman - BLM Rawlins, P. O. Box 2407, Rawlins, WY 82301 (w/encl)
Cheyenne WDEQ/LQD → TFN 4 6/268 File (w/encl)
Mark Moxley - Lander WDEQ/LQD → TFN 4 6/268 File (w/encl)
gjm Deborah Harris - Lander WDEQ/WQD (w.o./encl)
Kevin Frederick - Cheyenne WDEQ/WQD (w.o. encl)
Chron (w/encl)

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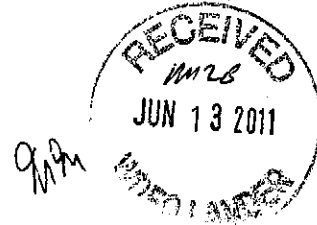
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UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION 8



1595 Wynkoop Street
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JUN 08 2011



Ref: 8P-W-GW

Mr. Kevin Frederick
Wyoming Department of Environmental Quality
Water Quality Division
122 West 25th Street
Cheyenne, Wyoming 82002

Re: Lost Creek ISR, LLC Project TFN 46/268
HJ Horizon Aquifer Exemption
Sweetwater County, Wyoming

Dear Mr. Frederick:

Based on our review of the application and other supporting information provided by Lost Creek ISR, LLC and the Wyoming Department of Environmental Quality, the U.S. Environmental Protection Agency, Region 8, cannot at this time approve WDEQ's proposed reclassification of a portion of the HJ Horizon of the Battle Spring Formation as Class V (Mineral Commercial) Groundwater of the state, pursuant to Wyoming Water Quality Rules and Regulations, Chapter 8.

WDEQ has proposed to reclassify a Class IV groundwater to a Class V (mineral-commercial) groundwater because it has been found to be closely associated with commercial deposits of hydrocarbons and/or other minerals. The reclassified region includes the area of mineralization that is commercially producible plus an additional area out to the next ¼ ¼ section. For the additional area out to the next ¼ ¼ section to be approved, the operator needs to make a demonstration that those portions of the aquifer are commercially mineable and/or integral to fully mine the ore body and restoration of the aquifer. Upon submission of this additional information, the EPA will reevaluate the proposed area for reclassification.

Please contact Wendy Cheung of my staff at (303) 312-6242, with questions or concerns regarding this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Stephen S. Tuber".

Handwritten initials "for" in black ink.

Stephen S. Tuber
Assistance Regional Administrator
Office of Partnerships and Regulatory Assistance

cc: Mark Moxley, WDEQ, Lander Office