



**COLORADO DIVISION OF MINERALS AND GEOLOGY  
MINERALS PROGRAM INSPECTION REPORT  
PHONE: (303) 866-3567**

The Division of Minerals and Geology has conducted an inspection of the mining operation noted below. This report documents observations concerning compliance of the mining operation with the permit and the regulations of the Mined Land Reclamation Board. The report notes 1) Areas of successful compliance; 2) Problems and suggested corrective actions and/or 3) Possible violations to be considered for possible enforcement action by the Mined Land Reclamation Board. **OPERATORS SHOULD READ THIS REPORT CAREFULLY BECAUSE IT MAY REQUIRE CORRECTIVE ACTION AND/OR RESPONSES TO THE DIVISION IN ORDER TO AVOID CONSIDERATION OF POSSIBLE ENFORCEMENT ACTION BY THE MINED LAND RECLAMATION BOARD.**

MINE NAME: Centennial and Indian Springs Uranium Projects OPERATOR: Powertech (USA) Inc.  
 COUNTY: Weld MINERAL: U TYPE OF OPERATION: NOI  
 INSPECTOR(S): Allen Sorenson and Carl Mount  
 MINE ID # OR PROSPECTING ID #: P-2007-015  
 INSPECTION DATE: 8-1-2007 DATE OF COMPLAINT: 7-17, 19 & 8-6-07  
 INSPECTOR'S INITIALS: ACS TIME OF DAY (MILITARY): 1340  
 INSPECTION TYPE CODE<sup>(1)</sup>: MP POST INSP. CONTACTS<sup>(2)</sup>: NO  
 JOINT INSP. AGENCY CODE<sup>(2)</sup>: NO REASON FOR INSP. CODE<sup>(3)</sup>: CT  
 WEATHER CODE<sup>(4)</sup>: CL BOND CALCULATION TYPE<sup>(5)</sup>: NN  
 OP. REP. PRESENT: George Robinson and Patricia Spaine, consultants to Powertech

1. **INSPECTION TYPE CODE** - [CL-IN: IL=Illegal Operation, MI=Monitoring, MP=Mineral Prospect, SI=Surety-related, PR=Pre-operation]
2. **POST INSPECTION CONTACTS AND JOINT INSPECTION AGENCY CODE** - [CL-AG: NO=None, BL=BLM, CH=Colo. Dept. Health; CL=Land Board, CT=Citizen; CW=Wildlife, FS=Forest Service, HW=Hwy. Dept., LG=Local Government, SE=State Engr.]
3. **REASON FOR INSPECTION CODE** - [CL-RS: AG=Other Agency Request, CT=Citizen Complaint, IE=Normal I&E Program, HP=High Priority, PY=Priority]
4. **WEATHER CODE** - [CL-WE: CL=Cloudy, CR=Clear, IN=Inclement - prevented inspection, RN=Raining, SN=Snowing, WD=Windy]
5. **BOND CALCULATION TYPE** - [BC=Complete Bond, BP=Partial Bond, NN=None]

This list identifies the environmental and permit parameters inspected and gives a categorical evaluation of each. **IF PB OR PV IS INDICATED, YOU SHOULD READ THE FOLLOWING PAGES CAREFULLY IN ORDER TO ASSURE COMPLIANCE WITH THE TERMS OF YOUR PERMIT AND APPLICABLE RULES AND REGULATIONS.** If PV is indicated, you will be notified under separate cover when the Mined Land reclamation Board will consider possible enforcement action.

**GENERAL INSPECTION TOPICS**

|                                    |           |                                 |           |                           |           |
|------------------------------------|-----------|---------------------------------|-----------|---------------------------|-----------|
| (AR) RECORDS.....                  | <u>PB</u> | (FN) FINANCIAL WARRANTY.....    | <u>Y</u>  | (RD) ROADS.....           | <u>Y</u>  |
| (HB) HYDROLOGIC BALANCE .....      | <u>Y</u>  | (BG) BACKFILL & GRADING.....    | <u>Y</u>  | (EX) EXPLOSIVES .....     | <u>NA</u> |
| (PW) PROCESSING WASTE/TAILING..... | <u>Y</u>  | (SF) PROCESSING FACILITIES..... | <u>NA</u> | (TS) TOPSOIL.....         | <u>Y</u>  |
| (MP) GENL MINE PLAN COMPLIANCE .   | <u>PB</u> | (FW) FISH & WILDLIFE .....      | <u>Y</u>  | (RV) REVEGETATION.....    | <u>Y</u>  |
| (SM) SIGNS AND MARKERS.....        | <u>NA</u> | (SP) STORM WATER MGT PLAN ..    | <u>Y</u>  | (SB) COMPLETE INSP .....  | <u>N</u>  |
| (ES) OVERBURDEN/DEV. WASTE.....    | <u>Y</u>  | (SC) EROSION/SEDIMENTATION .    | <u>Y</u>  | (RS) RECL PLAN/COMP ..... | <u>Y</u>  |
| (AT) ACID OR TOXIC MATERIALS.....  | <u>Y</u>  | (OD) OFF-SITE DAMAGE.....       | <u>Y</u>  | (ST) STIPULATIONS.....    | <u>NA</u> |

Y = Inspected and Found in Compliance      PV = Inspected and Possible Violations Noted      PB = Inspected and Problems Noted  
 N = Not Inspected      NA = Not Applicable

### OBSERVATIONS

The Division of Reclamation, Mining, and Safety (DRMS) received letters of complaint relating to this prospecting notice on July 17, July 19, and August 6, 2007. The July 17, 2007 complaint was about open and exposed well casing located at the northeast corner of Weld County Roads 19 and 96. This location was inspected; the wells in question were drilled by Rocky Mountain Energy Company (RME) in the early 1980s. Powertech is investigating many of the old RME holes in the area to determine if they will be useful in Powertech's ongoing environmental and uranium deposit characterization program. Powertech representatives provided the following summary of recent activities at this well site.

1. At Powertech's initial inspection, there was no surface indication of the well locations. An attempt was made to locate the casings using hand shovels; this was unsuccessful.
2. A backhoe was brought in, and excavation exposed two PVC casings that had been buried below ground surface. The casings were broken off and jagged; Powertech reports that this casing condition was pre-existing and was not caused by the backhoe work.
3. The exposed casings were five inch diameter, which is not among the most commonly used sizes. When Powertech learned that it would take several days to acquire five inch pipe caps, the open ends of the casings were wrapped in plastic sheeting and taped.
4. A well contractor was mobilized to this location. The jagged casing was cut off, and an extended casing was attached using a glued connector and self tapping screws.
5. A protective steel casing with a locking cap was cemented into the ground around the extended PVC wells, which are fitted with friction fit PVC caps (see photo no. 1).

The DRMS inspected the retrofitted wells, and determined that the work was correctly completed.

The July 19, 2007 letter listed three complaints, the first of these being the open wells at Weld County Roads 19 and 96 that were addressed above. The second complaint was about the safety of a small excavated water storage pit installed to facilitate drilling operations. This pit was inspected (see photo no. 9). The DRMS will require that fencing sufficient to restrict access to the pit by all but the most determined trespassers be installed. See problem PB-1 in the problems and corrective actions section of this report. The third complaint listed in the July 19, 2007 letter is an objection to the DRMS policy of requiring complaints to be in writing to trigger a site inspection.

The August 6, 2007 complaint letter listed complaints about Powertech's business practices, hours of operation, noise, and dust. DRMS has some

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limited jurisdiction over dust control, but does not have jurisdiction over the issues raised in the letter.

Powertech is drilling geotechnical borings in the area of shallow ore reserves to assess the feasibility of slurry wall installation. Powertech representatives had contacted DRMS by phone to determine if these holes needed to be covered by a prospecting notice. Through miscommunication or misunderstanding, Powertech was told that the holes could be drilled without a notice. At this time, DRMS is requiring that these holes be noticed; see problem PB-2 in the problems and corrective actions section of this report.

Several additional RME holes were inspected. Some of these have been properly retrofitted by Powertech (see photo no. 4) and some have not (see photo no. 6). Powertech will be retrofitting or properly abandoning many of the old RME holes as access to the hole locations is secured; Powertech is to be commended for these efforts.

The location of an aquifer test hole drill site was inspected (see photos 8 and 9). This was a clean, well managed drilling operation.

End of report.

cc: Carl Mount, DRMS (*via email*)  
George Robinson, R<sup>2</sup> Inc.

Inspection & Enforcement Contact Address

NAME Lane Douglas  
OPERATOR Powertech (USA) Inc.  
STREET 6200 S. Troy Circle, Ste. 201  
CITY/STATE/ZIP Centennial, CO 80111

The following problems (PB) and/or possible violations (PV) (and suggested corrective actions) were identified during this inspection. The problems should be corrected by the dates given, or they will become possible violations. The possible violations should be corrected by the dates given to reduce their severity when considered by the Mined Land Reclamation Board. The inspector noted on the previous page should be notified of all corrective actions taken.

**PROBLEMS/POSSIBLE VIOLATIONS**  
**AND**  
**CORRECTIVE ACTIONS**

|   | <u>CORRECTION</u><br><u>DATE</u> |
|---|----------------------------------|
| 1. <u>Steep sided drill water pit accessible to area children and potential trespassers.</u>  | 8 / 31 / 07                      |
| <hr/>   | PB or PV: <u>PB</u>              |
| <b><u>CORRECTIVE ACTION:</u></b>  | TOPIC(S): <u>MP</u>              |
| <u>Fence the pit to exclude all but the most determined trespassers. Plastic construction site fencing is acceptable for this purpose. The type of wire strand fencing observed at the pit on the day of the inspection is not acceptable. Provide the DRMS with photos of the completed fence.</u> | ____ _                           |
| <hr/>   |                                  |
| 2. <u>Geotechnical borings in the shallow reserves project area for evaluation of slurry wall potential are not covered by a prospecting notice.</u>  | 9 / 14 / 07                      |
| <hr/>   | PB or PV: <u>PB</u>              |
| <b><u>CORRECTIVE ACTION:</u></b>  | TOPIC(S): <u>MP</u>              |
| <u>File a prospecting notice for the slurry wall geotechnical evaluation holes, or file a modification to the existing notice.</u>  | ____ _                           |
| <hr/>   |                                  |
| 1. <u>Application for modification no. 1 to prospecting notice P-2007-015 was not signed or initialed.</u>  | 8 / 31 / 07                      |
| <hr/>   | PB or PV: <u>PB</u>              |
| <b><u>CORRECTIVE ACTION:</u></b>  | TOPIC(S): <u>AR</u>              |
| <u>Provide a replacement application for modification no. 1 that has been properly signed and initialed by a person authorized to sign for Powertech (USA) Inc</u>  | ____ _                           |
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