



Douglas A. Ducey
Governor

ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY



Misael Cabrera
Director

Air Quality Field Inspection Report

Company Name: Energy Fuels Resources (USA) Inc.	Inspection Report No.: 252475
Place Name: Canyon Mine Place ID No.: 827	Inspector(s): Rob Verville
County: Coconino	Arrival Date and Time: 2/24/2016 7:45 AM
Physical Location: Hwy 64 to FR 305, Tusayan, AZ 86023	Reason for Inspection: <input type="checkbox"/> Complaint Complaint No.: <input checked="" type="checkbox"/> Routine Inspection <input type="checkbox"/> Follow-Up Original Inspection Report No.:
Mailing Address: P.O. Box 809, Blanding, UT 84511	
Coordinates (for new locations): Latitude: Deg.: Min.: Sec.: Longitude: Deg.: Min.: Sec.:	
Permit No.: 52522 (renewal 62877) Permit Expiration Date: 3/9/2016	Was Inspection Announced? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Onsite Contact Person(s)/Title(s): David Turk, Env. Compliance, H&S Manager Danny Flannery, EH&S Manager Canyon Mine Ty Fisher, EH&S Manager Fredonia Mines	Operational Status: Mine shaft development
	Type of Source: Class II, future underground mine
Other Names: Energy Fuels Nuclear, Denison Mines	Last Inspection: June 18, 2013
Inspection Report Issued: Via email at facility	Facility Initial:  ADEQ Initial: 
Results of Inspection: <input checked="" type="checkbox"/> No deficiencies were noted during the course of the inspection. No ADEQ action will result from this inspection. <input type="checkbox"/> Potential deficiencies were noted during the course of the inspection. Additional correspondence regarding this inspection may be forthcoming.	
Comments: <p>The Canyon Mine is currently developing the mine shaft, and not conducting mining operations. The shaft being developed or sunk is adjacent to the ore body. The shaft is currently approximately 560 feet deep. The first station will be developed between 700-800 feet. The station is developed towards the ore body, and is where equipment is stored and a launching point for further development. As the first station is developed, they will continue to develop the shaft to lower levels. The shaft development operations are occurring twenty-four hours per day, seven days per week.</p> <p>As the shaft is being developed the development rock or waste rock is being placed on the Development Rock Storage Pad.</p> <p>During the physical inspection, the ADEQ inspector observed fine, loose dirt around the shaft development area. It appears the equipment moves around the area and crushes the dirt into the fine, loose material. During the inspection, the area was wetted, preventing the material from possibly becoming airborne.</p>	
Attachments: Notice of Inspection Rights Small Business Bill of Rights Inspection Checklist Photograph Log	

Pre-Inspection

Requirements		Comments
Are fees paid? [Attachment A, Section V]	Yes	Corporate office indicated paid in January 2016.
Annual Emissions Inventory submitted? [Attachment A, Section VI, Part A]	Yes	ADEQ database indicates submitted 6/2/15, (CTS# 341932).
Compliance Certifications submitted? [Attachment A, Section VII, Part A]	Yes	ADEQ database indicates submitted on 7/10/15, (Insp# 250227).
Any Excess Emission/ Permit Deviation Reports submitted? [Attachment A, Section XI or XII, Part A]	No	ADEQ database does not indicate any reports submitted to ADEQ.
Any recent enforcement action?	No	
Last performance test and production rate	Date:	Production Rate: None required
Last Inspection	Date: 6/18/2013	No activity was occurring during inspection.
Any demolition or renovation performed since the issuance of the permit?	Yes	Removed a steel structure covering an old hoist/wench. According to Mr. Flannery, the shed was all steel with steel roof and no insulation.

ADEQ database indicates permit renewal application submitted to ADEQ on 7/6/15, (CTS# 344054).

ADEQ database indicates a Radiation Survey Report was submitted to ADEQ on 11/17/15, (CTS# 349553).



ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY

NOTICE OF INSPECTION RIGHTS

FACILITY INFORMATION	ADEQ INFORMATION
Facility Name (Customer): Canyon Mine	Date of Inspection: 2/24/2016 12:00 AM
Facility Location (Place): Hwy 64 to FR 305, Tusayan	County: Coconino
Mailing Address: P.O. Box 809, Blanding, UT 84511	Inspector: Rob Verville
Responsible Party: Energy Fuels Resources (USA) Inc.	Telephone: (602) 771-4111
On-Site Representative: David Turk	Accompanied by:
Title: Environmental Compliance, Health & Safety Manager	ADEQ Follow-up Contact: Michael Orman Air Quality Compliance Manager
Telephone: 435.678.2221 x113	Title: Manager
Email: dturk@energyfuels.com	Telephone: (602) 771-4406

The ADEQ representative(s) identified above were present at the above address on the above listed date and time. Upon entry to the premises, the ADEQ representative(s) met with me, presented photo identification indicating that they are ADEQ employees and explained:

☒ **That the purpose of the inspection is to determine:**

- ☐ Compliance with Title 49 of the Arizona Revised Statutes, Title 18 of the Arizona Administrative Code* and/or:

Arizona Revised Statutes: Title 49, Chapter 3

Arizona Administrative Code: Title 18, Chapter 2

Permit/Agreement Number: 52522

- ☐ Qualification for a license issued pursuant to:

Arizona Revised Statutes: Title 49, Chapter 3

Arizona Administrative Code: Title 18, Chapter 2

- ☐ That this inspection is conducted pursuant to the authority granted in Arizona Revised Statutes § 49-104(B)(8) and/or:

Arizona Revised Statutes: § 41-1009

Arizona Administrative Code: Title 18, Chapter 2

Permit/Agreement Number: 52522

☐ That the state shall not be barred by the statutes of limitations of actions, according to A.R.S. § 12-510, except as provided in A.R.S. § 12-529 concerning certain claims based on navigability of watercourses. According to 28 U.S.C. § 2462, the U.S. government must commence an action within 5 years after the date the claim first accrued.

- ☐ Possible applicability of Small Business Bill of Rights pursuant to Arizona Revised Statutes § 41-1001(21)

That the fee for this inspection is: No fee for the inspection

*The Arizona Revised Statutes (A.R.S.) can be found on the internet: www.azleg.state.az.us/ArizonaRevisedStatutes.asp while the Arizona Administrative Code (A.A.C.) can be found at www.azsosaz.gov/public_services/Table_of_Contents.htm

While I have the right to refuse to sign this form, the ADEQ representatives may still proceed with the inspection

- ☒ I have read this notice and discussed any questions or concerns with the ADEQ representatives and I have received the Small Business Bill of Rights

2/24/2016

Signature of Regulated Person or Authorized On-Site Representative

- ☐ The regulated person or authorized on-site representative refused to sign.

Name of Regulated Person or Authorized On-Site Representative

Title

- ☐ The regulated person or an authorized on-site representative was not present at the facility.

2/24/2016

Signature of ADEQ Representative

INSPECTION RIGHTS

- ☒ I understand that I can accompany the ADEQ representative(s) on the premises, except during confidential interviews.
- ☒ I understand that I have right to, on request:
- Copies of any original documents taken during the inspection, and that ADEQ will provide copies of those documents at ADEQ's expense;
 - A split of any samples taken during the inspection, if the split of the samples would not prohibit an analysis from being conducted or render an analysis inconclusive;
 - Copies of any analysis performed on samples taken during the inspection and that ADEQ would provide copies of this analysis at ADEQ's expense;
 - Copies of any documents to be relied on to determine compliance with licensure or regulatory requirements if the agency is otherwise permitted by law to do so.
- ☒ I also understand that:
- Each person who is interviewed by an ADEQ inspector during the inspection must be informed that:
 - participation in an interview is voluntary, unless legally compelled to participate;
 - they have the right to have an attorney or other experts in their field present during the interview to represent or advise the regulated person;
 - the ADEQ inspector may not take any adverse action or treat less favorably or draw any inference as a result of the regulated person's decision to be represented by an attorney or advised by any other experts in their field;
 - statements made by the person may be included in the inspection report; and
 - they have the right to 24 hours to review and revise any written witness statement drafted by the ADEQ inspector on which the ADEQ inspector requests that person's signature.
 - If the information and documents provided to the ADEQ inspector become a public record, trade secrets and proprietary and confidential information may be redacted, unless the information and documents are not confidential pursuant to statute.
 - Each person interviewed during the inspection must be informed that statements made by the person may be included in the inspection report;
 - Each person whose conversation is tape recorded during the inspection must be informed that the conversation is being tape recorded;
 - If an administrative order is issued or a permit decision is made based on the results of the inspection, I have the right to appeal that administrative order or permit decision. I understand that my administrative hearing rights are set forth in Arizona Revised Statutes § 41-1092 et seq. and my rights relating to an appeal of a final agency decision are found in Arizona Revised Statutes § 12-901 et seq;
 - If I have any questions or concerns about this inspection, I may contact the person listed as the ADEQ Follow-up Contact on the front of this form; ADEQ's Ombudsman at (602) 771-4322 (toll free inside Arizona at (800) 234-5677, extension, 771-4322); or the Arizona Ombudsman-Citizens' Aid office at (602) 277-7292 (toll free at (800) 872-2879);

If I have any questions concerning my rights to appeal an administrative order or permit decision, I may contact ADEQ's Office of Administrative Counsel at (602) 771-2212 (toll free inside Arizona at (800) 234-5677, extension 771-2212).

41-1001.01. Regulatory bill of rights; small businesses

A. To ensure fair and open regulation by state agencies, a person:

1. Is eligible for reimbursement of fees and other expenses if the person prevails by adjudication on the merits against an agency in a court proceeding regarding an agency decision as provided in section 12-348.
2. Is eligible for reimbursement of the person's costs and fees if the person prevails against any agency in an administrative hearing as provided in section 41-1007.
3. Is entitled to have an agency not charge the person a fee unless the fee for the specific activity is expressly authorized as provided in section 41-1008.
4. Is entitled to receive the information and notice regarding inspections and audits prescribed in section 41-1009.
5. May review the full text or summary of all rulemaking activity, the summary of substantive policy statements and the full text of executive orders in the register as provided in article 2 of this chapter.
6. May participate in the rulemaking process as provided in articles 3, 4, 4.1 and 5 of this chapter, including:
 - (a) Providing written comments or testimony on proposed rules to an agency as provided in section 41-1023 and having the agency adequately address those comments as provided in section 41-1052, subsection D, including comments or testimony concerning the information contained in the economic, small business and consumer impact statement.
 - (b) Filing an early review petition with the governor's regulatory review council as provided in article 5 of this chapter.
 - (c) Providing written comments or testimony on rules to the governor's regulatory review council during the mandatory sixty-day comment period as provided in article 5 of this chapter.
7. Is entitled to have an agency not base a licensing decision in whole or in part on licensing conditions or requirements that are not specifically authorized by statute, rule or state tribal gaming compact as provided in section 41-1030, subsection B.
8. Is entitled to have an agency not make a rule under a specific grant of rulemaking authority that exceeds the subject matter areas listed in the specific statute or not make a rule under a general grant of rulemaking authority to supplement a more specific grant of rulemaking authority as provided in section 41-1030, subsection C.
9. May allege that an existing agency practice or substantive policy statement constitutes a rule and have that agency practice or substantive policy statement declared void because the practice or substantive policy statement constitutes a rule as provided in section 41-1033.
10. May file a complaint with the administrative rules oversight committee concerning:
 - (a) A rule's, practice's or substantive policy statement's lack of conformity with statute or legislative intent as provided in section 41-1047.
 - (b) An existing statute, rule, practice alleged to constitute a rule or substantive policy statement that is alleged to be duplicative or onerous as provided in section 41-1048.
11. May have the person's administrative hearing on contested cases and appealable agency actions heard by an independent administrative law judge as provided in articles 6 and 10 of this chapter.
12. May have administrative hearings governed by uniform administrative appeal procedures as provided in articles 6 and 10 of this chapter and may appeal a final administrative decision by filing a notice of appeal pursuant to title 12, chapter 7, article 6.
13. May have an agency approve or deny the person's license application within a predetermined period of time as provided in article 7.1 of this chapter.
14. Is entitled to receive written notice from an agency on denial of a license application:
 - (a) That justifies the denial with references to the statutes or rules on which the denial is based as provided in section 41-1076.
 - (b) That explains the applicant's right to appeal the denial as provided in section 41-1076.
15. Is entitled to receive information regarding the license application process before or at the time the person obtains an application for a license as provided in sections 41-1001.02 and 41-1079.
16. May receive public notice and participate in the adoption or amendment of agreements to delegate agency functions, powers or duties to political subdivisions as provided in section 41-1026.01 and article 8 of this chapter.
17. May inspect all rules and substantive policy statements of an agency, including a directory of documents, in the office of the agency director as provided in section 41-1091.
18. May file a complaint with the office of the ombudsman-citizens aide to investigate administrative acts of agencies as provided in chapter 8, article 5 of this title.
19. Unless specifically authorized by statute, may expect state agencies to avoid duplication of other laws that do not enhance regulatory clarity and to avoid dual permitting to the extent practicable as prescribed in section 41-1002.
20. May have the person's administrative hearing on contested cases pursuant to title 23, chapter 2 or 4 heard by an independent administrative law judge as prescribed by title 23, chapter 2 or 4.

B. The enumeration of the rights listed in subsection A of this section does not grant any additional rights that are not prescribed in the sections referenced in subsection A of this section.

C. Each state agency that conducts audits, inspections or other regulatory enforcement actions pursuant to section 41-1009 shall create and clearly post on the agency's website a small business bill of rights. The agency shall create the small business bill of rights by selecting the applicable rights prescribed in this section and section 41-1009 and any other agency-specific statutes and rules. At the request of an authorized on-site representative of the regulated small business, the agency shall provide a written document of the small business bill of rights. In addition to the rights listed in this section and section 41-1009, the agency notice of the small business bill of rights shall include the process by which a small business may file a complaint with the agency employees who are designated to assist members of the public or regulated community pursuant to section 41-1006. The notice must provide the contact information of the agency's designated employees. The agency notice must also state that if the regulated person has already made a reasonable effort with the agency to resolve the problem and still has not been successful, the regulated person may contact the office of ombudsman-citizens aide.

Air Quality Field Inspection Photograph Log


Site Location: Canyon Mine - Hwy 64 to FR 305, Tusayan		Photographer: Rob Verville	Camera: Surface Tablet
Weather: clear			
Photo No. 1	Date: 2/24/2016		
Direction Photo Taken: Northwest			
Photo Description: Canyon Mine entrance sign at entrance gate.			


Photo No. 2	Date: 2/24/2016	
Direction Photo Taken: North		
Photo Description: Air quality public notice sign near entrance to mine.		


Photo No. 3	Date: 2/24/2016	
Direction Photo Taken: Northwest		
Photo Description: Headworks. Picture taken at entrance gate.		

Photo No. 4	Date: 2/24/2016
Direction Photo Taken: South	
Photo Description: Shaft headworks.	





Photo No. 5	Date: 2/24/2016	
Direction Photo Taken: Southwest		
Photo Description: The vent tube goes down into the shaft being developed. Dump bucket (bin) not being used.		


Photo No. 6	Date: 2/24/2016	
Direction Photo Taken: East		
Photo Description: Fine, loose dirt around shaft development area.		

Photo No. 7	Date: 2/24/2016
Direction Photo Taken: Northwest	
Photo Description: Shaft steel set being installed in shaft. Shaft is approximately 8X20 and steel set is approximately 7X24.	


A large, rust-colored steel frame structure, likely for a shaft, is being assembled or moved in front of a large green metal building. The structure consists of vertical posts and horizontal beams. A person is visible near the base of the structure on the right. The ground is dirt and gravel.


Photo No. 8	Date: 2/24/2016	
Direction Photo Taken: South		
Photo Description: Development waste rock pile on Development Rock Storage Pad. This material is removed from the underground as the shaft is being developed.		

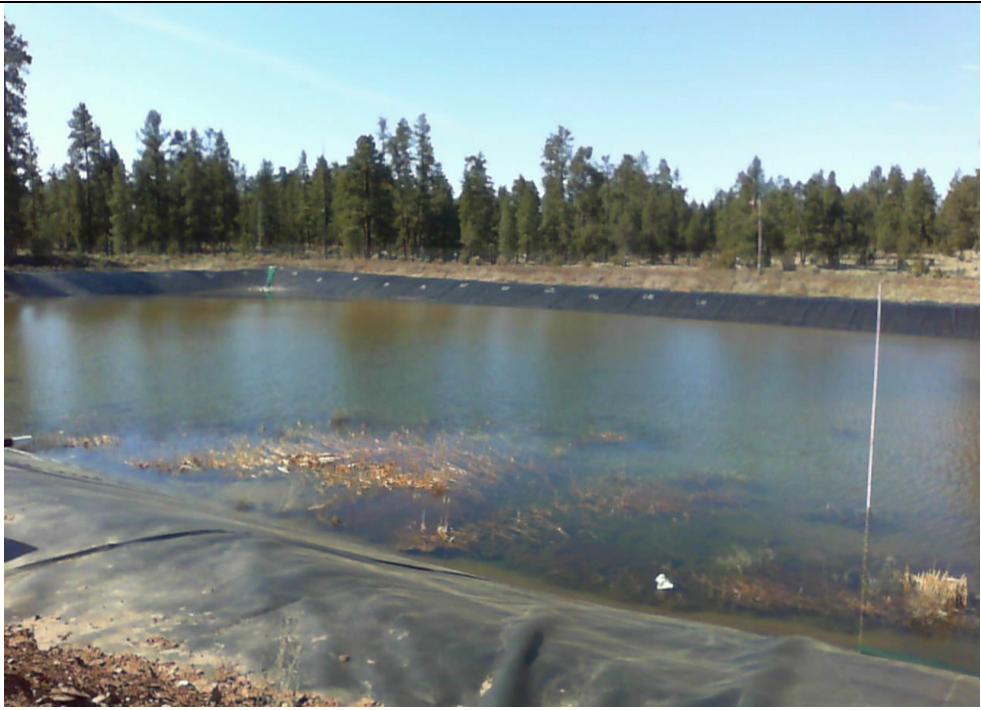
Photo No. 9	Date: 2/24/2016	
Direction Photo Taken: West		
Photo Description: Evaporation pond. The site is contoured so site water runs into the pond. Water pumped from the underground is placed in the pond. Approximately 1200 – 1600 gallons per day.		

Photo No. 10	Date: 2/24/2016
Direction Photo Taken: South	
Photo Description: Water truck wetting the shaft development area, to stabilize the fine, loose material.	