

October 4, 2010

Mr. Brad Hill  
Utah Division of Oil, Gas, and Mining  
P.O. Box 145801  
Salt Lake City, Utah 84114-5801

Re: Cause No. UIC-358.1  
Application for Class II Injection Well  
Westwater Farms, LLC  
Harley Dome 1 SWD  
Section 10, T19S, R25E  
Grand County, Utah  
FWS/R6, ES/UT, 10-TA-0338  
Project No.: 5001.010(4)

Dear Mr. Hill:

We are responding to a request by Westwater Farms, LLC to provide a monitoring program for the injection well to ensure that produced water does not seep from the Wingate formation into Westwater Canyon, to the south of the project. This concern was raised by the U.S. Fish and Wildlife Service on September 15, 2010. In their letter (attached), they are asking for a monitoring program that will provide for a baseline of the overall seeps in the area and if there are additional seeps found after the injection of produced water into the Wingate formation, that these will be monitored for any potential contamination.

It is the opinion of our hydrogeologist that the likelihood of this occurring is very remote. However, in the interest of cooperation, we are proposing the following activities:

1. We will have our professional geologist, Mr. Paul Stone, survey the applicable reach of Westwater Canyon and follow the Wingate formation to observe any current seeps. These seeps will be noted in a background document.
2. We will then observe the Wingate formation every six months for a period of three years. If we do not observe additional seeps that are the result of the injection well activity, we will then begin monitoring the formation on a yearly basis.
3. We will keep a log of the pressures on the injection well. We understand that the underground injection control (UIC) permit will set a limit on the injection pressures. We will stay below that pressure. However, on a monthly basis, we will turn off the injection well to observe the pressure drop with time. This will allow us to understand if there is any unexpected buildup of pressures within the formation.

All of this information will be kept on site for inspection by regulatory agencies. It is our understanding that this will satisfy the U.S. Fish and Wildlife Service as to their recommendation for a monitoring program.

Please contact us with any further questions.

Sincerely,

STEWART ENVIRONMENTAL CONSULTANTS, LLC



David R. Stewart, PhD, PE  
President and CEO

Enc.

cc: Mr. Larry Crist, U.S. Fish and Wildlife Service  
Ms. Jana Mohrman, U.S. Fish and Wildlife Service  
Mr. Eric Jones, U.S. Bureau of Land Management  
Mr. Tom Warnes, WestWater Farms, LLC  
Mr. David Allin, Del-Rio Resources, Inc.



United States Department of the Interior  
FISH AND WILDLIFE SERVICE

UTAH FIELD OFFICE  
2369 WEST ORTON CIRCLE, SUITE 50  
WEST VALLEY CITY, UTAH 84119

September 15, 2010

In Reply Refer To  
FWS/R6  
ES/UT  
10-TA-0338

Mr. Brad Hill, Permitting Manager  
Utah Division of Oil, Gas, and Mining  
Box 145801  
Salt Lake City, Utah 84114-5801

RE: Cause No. UIC-358.1; Westwater Farms LLC; Harley Dome #1SWD Well

Dear Mr. Hill:

We have reviewed the referenced Underground Injection Control (UIC) Permit Application. The proposed project involves the operation of the Harley Dome #1 well as a salt water injection well (Class II) in Section 10, Township 19 South, Range 25 East, Grand County, Utah. The well will inject fluids into the Wingate formation at approximately 1,750 feet below the surface. We are providing the following comments for your consideration.

The Colorado pikeminnow (*Ptychocheilus lucius*), razorback sucker (*Xyrauchen texanus*), humpback chub (*Gila cypha*), and bonytail (*Gila elegans*) are federally listed endangered fishes endemic to the Colorado Basin. The location of the injection well is approximately five miles from the Colorado River, which is designated critical habitat for all four of the endangered fish species. We are concerned with possible seepage of injected liquids from the referenced project into the nearby Colorado River.

Last week Christopher Kierst of your staff explained in detail to Jana Mohrman from the Upper Colorado River Recovery Program that the receiving aquifer (in the Wingate formation) dipped northeast, away from the Colorado River. We understand that because of this orientation, there is only a remote chance that injected liquids could back up and seep into the Colorado River. Despite this low probability of seepage, we wish to make you aware of the importance of the nearby Westwater Canyon of the Colorado River for recovery of endangered fish species.

Westwater canyon is designated critical habitat for all four species of endangered fish (59 FR 13374). In particular, a large population of humpback chub inhabits this reach. This population is essential to species recovery. The Wingate/Chinle formations are exposed in the cliffs above this reach, creating a possible connection between the injection well receiving site and critical

habitat. We wish to prevent any negative impacts to the water quality in Westwater Canyon from the referenced project.

The Service requests that a water quality analysis and monitoring program be initiated if after the injection period begins, the Upper Colorado River Recovery Program observes contaminated water seeping down the canyon walls.

This response has been prepared under the authority of and in accordance with the provisions of the Fish and Wildlife Coordination Act (16 U.S.C. 661 et seq.) and the Endangered Species Act (16 U.S.C. 1531 et seq.). Thank you for description of the geology and operation of this injection well. We appreciate the opportunity to comment on this application. If you have any questions or need further information, please contact Jana Mohrman, hydrologist, at (303) 236-4486 or Kevin McAbee, ecologist, at (801) 975-3330 ext. 143.

Sincerely,

A handwritten signature in black ink, appearing to read 'Larry Crist', written in a cursive style.

Larry Crist

cc: Paul Badame, Native Aquatics Project Leader  
Moab Field Station  
Utah Division of Wildlife  
1165 So Hwy 191, Suite 4  
Moab, UT 84532

Tom Chart, Director  
Upper Colorado Recovery Program  
44 Union Blvd, Suite 120  
Lakewood, Colorado 80228

Michelle Shaughnessy, Project Leader  
Colorado River Fishery Project  
764 Horizon Drive, Building B  
Grand Junction, Colorado 81506