BEFORE THE ENVIRONMENTAL APPEALS BOARD UNITED STATES ENVIRONMENTAL PROTECTION AGENCY WASHINGTON, D.C.

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In re:)	
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Florence Copper, Inc.)	UIC Appeal No. 17-02
)	11
UIC Permit No. R9UIC-AZ3-FY11-1)	
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PERMITTEE FLORENCE COPPER, INC.'s RESPONSE TO PETITION FOR REVIEW FILED BY THE GILA RIVER INDIAN COMMUNITY

George A. Tsiolis Attorney at Law 351 Lydecker Street Englewood, NJ 07631 (201) 408-4256 gtsiolis@nj.rr.com

Rita P. Maguire, Esq. Maguire, Pearce & Storey, PLLC 2999 North 44th Street, Suite 650 Phoenix, AZ 85018 (602) 277-2195 rmaguire@azlandandwater.com

Attorneys for Florence Copper, Inc.

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- 1 Gila River Indian Community's ("GRIC's") Comments on Draft Permit
- 2 Underground Injection Control Permit No. R9UIC-AZ3-FY11-1 ("Permit")
- 3 Region 9's Response to Comments on Draft Permit ("Response to Comments")
- 4 Florence Copper, Inc. ("<u>FCI</u>") Project Team Curricula Vitae
- 5 Statement of Basis of Draft Permit ("Statement of Basis")
- 6 Region 9's Notice of Stay of Contested Permit Conditions

STATEMENT OF COMPLIANCE WITH THE WORD LIMITATION

This response brief complies with the 14,000 words limitation found at 40 C.F.R. § 124.19(d)(3).

RESPONSE

The version of 40 C.F.R. § 124.19(a)(4) in effect at the time that the Gila River Indian Community ("GRIC") filed its petition for review ("Petition") of underground injection control ("UIC") Permit No. R9UIC-AZ3-FY11-1 ("Permit") provided as follows:

- (i) In addition to meeting the requirements in paragraph (d), a petition for review must identify the contested permit condition or other specific challenge to the permit decision and clearly set forth, with legal and factual support, petitioner's contentions for why the permit decision should be reviewed. The petition must demonstrate that each challenge to the permit decision is based on:
 - (A) A finding of fact or conclusion of law that is clearly erroneous, or
 - (B) An exercise of discretion or an important policy consideration that the Environmental Appeals Board should, in its discretion, review.
- Petitioners must demonstrate, by providing specific citation to the administrative record, including the document name and page number, that each issue being raised in the petition was raised during the public comment period (including any public hearing) to the extent required by § 124.13. For each issue raised that was not raised previously, the petition must explain why such issues were not required to be raised during the public comment period as provided in §124.13. Additionally, if the petition raises an issue that the Regional Administrator addressed in the response to comments document issued pursuant to §124.17, then petitioner must provide a citation to the relevant comment and response and explain why the Regional Administrator's response to the comment was clearly erroneous or otherwise warrants review.

(Emphasis added); *see* 82 Fed. Reg. 2230 (January 9, 2017) (effective date of new 40 C.F.R. § 124.19(a)(4)(ii) was March 10, 2017). The requirement to have raised issues "during the public comment period . . . to the extent required by § 124.13" means that an issue raised in a petition for review must have been raised in petitioners' comments on the draft permit with a degree of specificity that was sufficient to put the Region on notice about the issue and elicit from the Region a substantive response. *In re Fla. Pulp & Paper Ass'n*, 6 E.A.D. 49, 57, 64 (EAB 1995); *In re City of Phoenix*, 9 E.A.D. 515, 525 (EAB 2000); *In re Marine Shale Processors, Inc.*, 5 E.A.D. 751, 763 (EAB 1995); *In re Sierra Pac. Indus.*, 11 E.A.D. 1, 8 (EAB 2003). A petition

for review that does not satisfy the above threshold requirements is typically denied. *See In re Seneca Res. Corp.*, 2014 EPA App. LEXIS 21, at *3 (EAB 2014).

1. Petitioners' Assertions Regarding Organic Chemicals in the Injectate Were
Not Raised in their Comments on the Draft Permit and Do Not Demonstrate
that Region 9's Conclusion that the Permit's Conditions Protect
Underground Sources of Drinking Water was Clearly Erroneous.

The Petition asserts that Region 9, in reaching its determination that the Permit includes all the conditions needed to ensure the permitted activity does not cause harm to underground sources of drinking water ("<u>USDW</u>"), neglected to consider the specific organic compounds that would be included in the recycled acid injected under the Permit. Petition at 7-8. Based on this assertion, the Petition asks the Environmental Appeals Board to remand the Permit with a requirement that Permittee Florence Copper, Inc. ("<u>FCI</u>") demonstrate to Region 9's satisfaction that the organic compounds that would be allowed in the injectate "are not the type of chemicals that could lead to long-term degradation of an aquifer." Petition at 8.

In making their assertion, however, Petitioners cite only to page 6 of their comments ("Comments") on the Draft Permit. Those Comments stated only that: (a) Section E.6.d. of the Permit, which would allow an average total of up to 10 mg/L of organic compounds to be included in the recycled acid that would be injected under the Permit, is "not acceptable to the Community"; and (b) "[n]o compounds other than those of the sulfuric acid and materials dissolved from the ore body should be allowed in the injected water." GRIC's Comments, Appendix A at 6 (Attachment 1); see Permit at 22 (Attachment 2). Nowhere in their Comments did Petitioners allege that Region 9's analysis of the Draft Permit's conditions for protecting USDW did not sufficiently consider the specific organic compounds that would be allowed in the injectate.

The Petitions' assertions regarding organic chemicals, therefore, fail to satisfy the requirement of 40 C.F.R. § 124.19(a)(4)(ii) that Petitioners demonstrate that each issue being raised in the Petition was raised during the public comment period with the degree of specificity required by § 124.13. This failure is not surprising, given the non-specific nature of Petitioners' Comments on the Draft Permit. The Petitioners' comment that the Permit condition allowing up to 10 mg/L of organic compounds to be included in the injectate "is not acceptable to the Community" did not raise an issue with the Draft Permit with the degree of specificity required to elicit a substantive response. The Petitioners' comment that "[n]o compounds other than those of the sulfuric acid and materials dissolved from the ore body should be allowed in the injected water" also did not raise an issue with the Draft Permit with the degree of specificity required to elicit a substantive response. Most importantly, these comments did not put Region 9 on notice of Petitioners' position, found on pages 7-8 of the Petition, that Region 9's determination to issue the Permit would be defective for having failed to consider specific organic compounds that may be included in the injectate, let alone seek from Region 9 a substantive response to that position. Therefore, the Board should dismiss Petitioners' claims that relate to organic chemicals in the injectate. See In re Fla. Pulp & Paper Ass'n, 6 E.A.D. at 57, 64; In re City of Phoenix, 9 E.A.D. at 525; In re Marine Shale Processors, Inc., 5 E.A.D. at 763; In re Sierra Pac. Indus., 11 E.A.D. at 8.

Petitioners' Comments on the Draft Permit also did not include any sort of demonstration that the Permit's conditions would not sufficiently protect USDW. Thus, the Petition not only fails to satisfy the threshold requirement of 40 C.F.R. § 124.19(a)(4)(ii) as discussed above, but also fails to demonstrate that Region 9's determination that the Permit's conditions protect USDW from impacts from the permitted activity was clearly erroneous. Therefore, the Board

should deny Petitioners' claims that relate to organic chemicals in the injectate. *In re Peabody*Western Coal Co., 2005 EPA App. LEXIS 2, at **30-31 (EAB 2005) (stating in challenging technical determinations, the petitioner bears a "particularly heavy burden" to show the permit issuer has clearly erred); *In re Envotech*, *L.P.*, 6 E.A.D. 260, 284 (EAB 1996) ("absent compelling circumstances, the Board will defer to a Region's determination of issues that depend heavily upon the Region's technical expertise and experience").

Region 9 faithfully responded to all reasonably ascertainable issues that were raised in the public comments on the Draft Permit and the administrative record supports Region 9's conclusion that the Permit's conditions protect USDW. See Response to Comments (Attachment 3) at 36 ("The permit is specifically written to prevent contaminants from migrating out of the exempted aquifer and into a USDW relied upon by local residents."); id. at 43 ("the Agency has thoroughly considered the ways in which fluids can escape from the injection activity into a USDW and concluded that the UIC permit conditions are fully compliant with the mandates of the UIC regulations to protect USDWs"); id. at 18, 19, 20, 29, 30, 32, 34, 35, 39, 44 and 47 (explaining how the Permit protects USDW); see also Permit at 34-37 (describing contingency actions that must be taken if concentrations of organic chemicals associated with the injectate, among other substances, are detected in groundwater monitoring samples at concentrations above corresponding alert levels ("ALs") and aquifer quality limits ("AQLs") established under Condition II.F of the Permit). FCI incorporates herein the portion of Region 9's response to the Petition that pertains to Petitioners' assertions regarding organic chemicals in the injectate. See Region 9's Response to Petition. For these reasons as well, the Board should deny Petitioners' claims that relate to organic chemicals in the injectate. See In re Teck Cominco Alaska Inc., 11 E.A.D. 457, 473 (EAB 2004) ("When the Board is presented with

technical issues, we look to determine whether the record demonstrates that the Region duly considered the issues raised in the comments and whether the approach ultimately adopted by the Region is rational in light of all the information in the record.").

2. Petitioners' Claims Regarding the Sufficiency of the Permit's Conditions for the Maintenance of Hydraulic Control and FCI's Ability to Satisfy Those Conditions Were Unsubstantiated in Their Comments on the Draft Permit and Fail to Demonstrate that Region 9's Determinations to the Contrary were Clearly Erroneous.

The Petition asserts that Region 9 failed to adequately consider FCI's qualifications to conduct the activities authorized by the Permit, given that FCI lacks "sustained, accumulated experience in the commercial application of this technology." Petition at 9. Based on this assertion, the Petition asks the Board to remand the Permit with a requirement that Region 9 add "more stringent operational and monitoring parameters". *Id.* According to Petitioners, the administrative record indicates that more stringent Permit conditions are warranted in order to ensure FCI's ability to "recognize and react to a loss of hydraulic control" of injected and displaced fluids. *Id.* at 10. Among the more stringent Permit conditions that Petitioners seek is "a combined monitoring and groundwater flow simulation approach." *Id.* at 11. Petitioners ground these requests in their claim that more stringent Permit conditions are necessary "considering the general lack of mining industry experience with the necessary sustained diligence for this technology." *Id.*

The Petition cites no regulatory requirement that Region 9 consider the technical ability of a UIC permittee to satisfy the conditions of the permit, in a manner that is divorced from the sufficiency of the permit's conditions to protect USDW and EPA's authority to enforce those conditions. Nor do such rules exist. Nonetheless, the skill sets and experience of FCI's project team speak for themselves. *See* FCI Project Team Curricula Vitae (**Attachment 4**).

Petitioners' citations to their Comments on the Draft Permit also do not support: (i) the Petition's inference that FCI is not technically able to implement the Permit; (ii) Petitioners' claim that they commented on FCI's technical capability with the degree of specificity required by 40 C.F.R. § 124.13; or (iii) Petitioners' position that the Permit needs more stringent monitoring, operational and other conditions in order to ensure FCI's ability to recognize and react to a loss of hydraulic control. See Petition at 9-10. Specifically, Petitioners' Comments alleged that Region 9 erred in its conclusions relating to hydraulic control to the extent that they were based on a 1997-1998 pilot study that was conducted by FCI's predecessor-in-interest, BHP Copper, Inc. ("BHP"). GRIC's Comments, Appendix A at 3. GRIC's Comments stated that this error was "cause for the Community to have concern about FCI's technical ability to operate this proposed technology with the required expertise and diligence." *Id.* But this statement did not logically follow from the alleged error of Region 9 nor did it meet the standard of specificity required 40 C.F.R. § 124.13. This constitutes a failure to "demonstrate, by providing specific citation to the administrative record, including the document name and page number, that each issue being raised in the petition was raised during the public comment period . . . to the extent required by § 124.13." Therefore, the Petition's claims that relate to the sufficiency of the Permit's conditions on hydraulic control and the ability of FCI to satisfy those conditions should be denied.

It is clear that Region 9's Response to Comments comprehensively addressed any comments that the Permit's conditions are not stringent enough to ensure the ability to recognize and react to a loss of hydraulic control. *See, e.g.*, Response to Comments at 8:

The [Area of Review ("AOR")] model demonstrated that excursions of ISCR fluids could occur for a distance of up to 201 feet beyond the well field assuming a loss of hydraulic control for 30 days, which EPA considers highly unlikely. Still, that distance is well within the proposed 500-foot AOR of the

PTF well field, within which permit conditions require corrective action to prevent movement of fluids into or between USDWs. Moreover, a loss of hydraulic control for as long as 30 days is an extremely conservative assumption since the permit requires daily monitoring to detect loss of hydraulic control and requires corrective action to restore hydraulic control.

Id. at 18:

The Permittee demonstrated in their application that the proposed AOR of 500 feet surrounding the PTF well field is conservative with respect to protecting USDWs because it is 7.5 times the actual distance that injection fluids may migrate during the maximum permissible excursion of 48 hours. In addition, this AOR also provides a safety factor of 2.5 to 4 times the actual distance that fluids may migrate under a worst-case scenario of a 30-day period of excursion.

Id. at 22:

EPA believes that continuous monitoring and daily management of injection and extraction rates at individual wells will be sufficient to maintain hydraulic control and to restore it if there is a temporary loss of hydraulic control. Excess extraction rates are expected to be sufficient to overcome the low velocity of the groundwater flow to the northwest and prevent the escape of ISCR fluids between extraction wells. In addition to this well field monitoring, the supplemental monitoring wells will be placed within the AOR perimeter and above the exempted zone in the LBFU and UBFU to ensure that any excursions are detected and reversed before escaping the AOR or into a nonexempt zone above the exclusion zone.

Moreover, where Region 9 concluded that additional Permit conditions were necessary to address the possibility of loss of hydraulic control, it added conditions to the Permit accordingly. *See* Response to Comments at 3 (discussing the addition to the Permit of steps FCI must take to establish background electrical conductivity levels at observation wells and identify a statistically significant increase that would signal a loss of hydraulic control); *id.* at 4 (discussing corresponding changes to the Permit's contingency plan).

In the face of Region 9's determinations, Petitioners' assertions regarding hydraulic control are vague and unsubstantiated. The Petition fails to satisfy Petitioners' particularly heavy burden to demonstrate that Region 9's technical determinations on hydraulic control were

clearly erroneous and does not explain why Region 9's Response to Comments regarding hydraulic control was clearly erroneous or otherwise warrants review. For these reasons as well, the Board should deny Petitioners' claims that relate to the sufficiency of the Permit's conditions on hydraulic control. *See* 40 C.F.R. § 124.19(a)(4)(i)(A) *and* (ii); *In re Peabody Western Coal Co.*, 2005 EPA App. LEXIS 2, at **30-31; *In re Envotech, L.P.*, 6 E.A.D. at 284 (EAB 1996).

3. Petitioners' Proposal that the Permit Include More Frequent Data Collection and Review to Ensure that Hydraulic Control is Maintained Is Not a Logical Outgrowth of Their Comments on the Draft Permit or EPA's Responses to Comments on the Draft Permit.

The Petition asserts that Region 9 "inferred" from its review of the results of BHP's 1997-1998 pilot study that "lost fluids were recaptured within forty-eight house on two separate occasions" during that study. Petition at 10. Based on this assertion, Petitioners propose that "all operations would require collection of data, review of data, and use of data to infer subsurface flow paths and rates of flow—all performed multiple times within a forty-eight-hour period (at most) to successfully mitigate the loss." *Id.* The Petition states that such a requirement would be justified for "the proposed ISCR-UBO operations." *Id.* ¹

To support these assertions, Petitioners cite to pages 7 and 13 of Appendix A of their Comments on the Draft Permit and page 19 of Region 9's Response to Comments regarding Item 20. Petition at 10. However, neither citation supports Petitioners' assertions or proposal. Pages 7 and 13 of the Comments did not even mention the BHP pilot study or any requirement based on a 48-hour interval. Also, Region 9's response regarding Item 20 referred to "a 48-hour loss of hydraulic control, which is the maximum time that a [hydraulic] loss would occur <u>under the permit conditions</u>." Response to Comments at 19 (emphasis added). Those Permit conditions

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¹ "ISCR-UBO" means "in-situ copper recovery from undisturbed, buried ore." Petition at 1.

are at Condition II.H.1 of the Permit, which provides that a loss of hydraulic control—which, under the Permit, triggers the requirement to take corrective action—"is deemed to occur when the amount of fluid recovered during a 48-hour period is less than 110 percent of the amount of fluid injected during the same 48-hour period"; and that a loss of hydraulic control is also defined "by an inward gradient (in head differential) of less than one (1) foot or an outward gradient observed in any pair of observation/recovery wells over a 48-hour period or by an action level in bulk conductivity values above statistical noise levels in observation wells over a 48hour period." Permit at 35. Thus, all Region 9 was saying in its Response to Comments on Item 20 is that, as a result of Condition H.1 of the Permit, the potential for migration of fluids beyond the area of the pilot test project authorized by the Permit will be minimized and controlled. See Response to Comments at 19. These statements have nothing to do with Petitioner's proposal, raised for the first time in the Petition, that data collection, data review, and use of data to infer subsurface flow paths and rates of flow should occur multiple times within a 48-hour period. Therefore, the Board should deny Petitioners' proposal for: (i) failing to demonstrate that the proposal or issues relating to it were raised during the public comment period with the degree of specificity required by 40 C.F.R. § 124.13; and (ii) failing to explain that a relevant Response to Comments by Region 9 was clearly erroneous.

4. <u>Petitioners' Assertions Regarding Simulations of the Pilot Study Conducted</u> by BHP in 1997-1998 Should Be Dismissed for Being Irrelevant to the Activities Authorized under FCI's Permit.

The Petition asserts that Region 9 "did not refute simulations submitted by the Community that illustrated the potential for migration of fluids." Petition at 11. In support of this assertion, Petitioners cite pages 11 through 13 of Appendix A of their Comments on the Draft Permit. *Id*.

Petitioners' Comments on the Draft Permit, however, did not contain a "simulation" or other model of fluid injection, formation fluid displacement, fluid migration, or hydraulic control. *See* GRIC's Comments, Appendix A at 11-13 ("Pages 11-13"). Pages 11-13 present only a discussion by a geologist of simulations that he asserts he performed and citations to certain particle track figures. There is no indication in Petitioners' Comments that they gave Region 9 a chance to observe or participate in said simulations during the public comment period or before Region 9 made its decision to issue the Permit.

The description on Pages 11-13 of the Appendix, moreover, admits that it concerns simulations of the pilot study that BHP conducted in 1997-1998, rather than the pilot test project that is authorized by the Permit. GRIC's Comments, Appendix A at 11 ("I ran a simplification of the pumping rates and locations reported by BHP for a period between early November 1997 and late May 1998."). Therefore, the discussion on Pages 11-13 was irrelevant to the Draft Permit and the Petition's incorporation of that discussion fails the basic threshold requirement of demonstrating that Region 9's Permit decision was clearly erroneous. *See* 40 C.F.R. § 124.19(a)(4)(i)(A).

To the extent that the discussion on Pages 11-13 suggests that the Permit include a requirement to conduct a simulation of the pilot test project that is authorized by the Permit similar to the simulation described on Pages 11-13, *see* GRIC's Comments, Appendix A at 11,

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² See GRIC's Comments, Appendix A at 12 ("See Figure 3 for the simulated particle tracks resulting from the case of using a uniform K to simulate the BHP operations . . . See Figure 4 for the simulated particle tracks resulting from the case of using the variable, zoned K distribution from BHP to simulate the BHP operations . . . See Figure 5 for the simulated particle tracks resulting from the case of using the streak of high K from BHP to simulate the BHP operations . . . See Figure 6 for the simulated particle tracks resulting from the case of using a uniform K and extending the 90-day BHP test rates for a year and then turning them off . . . See Figure 7 for the simulated particle tracks resulting from the case similar to that of Figure 6, but with half the pumping at the groundwater extraction wells transferred to the upgradient extraction wells.") (emphases added); see also id. at 11 ("I did not attempt to produce an accurate predictive or analytical tool for this ore body.").

13, that suggestion is not made in the Petition and is not included in Petitioners' prayer for relief. Therefore, the suggestion is not properly at issue in this appeal proceeding. *See* 40 C.F.R. § 124.19(a)(4)(ii).

That said, it was entirely rational for Region 9 to adopt the empirical approach of the Permit for determining the sufficiency of the hydraulic control measures that are conditions of the Permit. After all, the activity authorized by the Permit is not full-scale commercial mineral extraction. It is a pilot test that is specifically designed and would be undertaken specifically for the purpose of determining how best to optimize hydraulic control during full-scale commercial mineral extraction that would occur under a future modification of the Permit. See Statement of Basis at 2 (Attachment 5); Permit at 6; Response to Comments at 10 ("Monitoring the performance of the PTF operation will provide real data to enable the assessment of hydraulic containment capabilities for ISCR operations at the proposed site.").³ Any suggestion in favor of a Permit condition that requires a simulation similar to that described on Pages 11-13, assuming such a suggestion is inferred from the Petition, would constitute merely a "difference of opinion or an alternative theory regarding a technical matter" that was decided by Region 9 when it issued the Permit. In re Ne Hub Partners, L.P., 7 E.A.D. 561, 567 (EAB 1998); see In re Peabody Western Coal Co., 2005 EPA App. LEXIS 2, at **30-31; In re Envotech, L.P., 6 E.A.D. at 284 (EAB 1996). Therefore, the Board should deny Petitioners' claims regarding "simulations submitted by the Community" and any claims inferred therefrom.

³ "PTF" means "Production Test Facility" and "ISCR" means "in-situ copper recovery." Permit at 6.

5. The Remainder of the Petition Does Not Satisfy the Threshold Requirements of 40 C.F.R. § 124.19(a)(4).

The Petition asserts that Region 9 "also failed to adequately address comments submitted by the Community on the need for a more comprehensive and environmentally protective approach to monitoring losses for hydraulic control." Petition at 12. To the extent that this assertion is distinguishable from Petitioners' other claims (discussed above), the Petition cites no Comments on the Draft Permit that pertain to the assertion. Therefore, the assertion fails the threshold requirement of 40 C.F.R. § 124.19(a)(4)(ii) and should be denied accordingly.

The administrative record demonstrates that Region 9 gave ample and sufficient care to the development of Permit conditions designed to ensure that the activity governed by the Permit occurs in accordance with applicable UIC rules and is protective of USDW. *See* Statement of Basis; Permit; Response to Comments. Therefore, Region 9's decision to issue the Permit should be upheld.⁴

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⁴ Region 9's January 30, 2017 notice of stay of contested Permit conditions states that Petitioners "did not clearly identify contested permit conditions" but then infers that the Petition contests six permit conditions: "No Migration into or between Underground Sources of Drinking Water (USDWs)," "Adequate Protection of USDWs," "Well Operation," "Injectate Fluid Limitations," "Monitoring Program," and "Contingency Plans." Attachment 6, at 1-2. FCI respectfully disagrees with the inference, to the extent that it encompasses issues not addressed in this Response. Moreover, it was not necessary for Region 9 to construe that the Petition contests permit conditions in order to justify a stay of the Permit pending this appeal. Compare 40 C.F.R. § 124.16(a)(1) ("If the permit involves a new facility or new injection well... the applicant shall be without a permit for the proposed new facility, injection well . . . pending final agency action") (emphasis added) with 40 C.F.R. § 124.16(a)(2)(i) ("The Regional Administrator shall identify the stayed provisions of permits for existing facilities, injection wells . . . All other provisions of the permit for the existing facility, injection well . . . become fully effective and enforceable 30 days after the date of the notification required in paragraph (a)(2)(ii) of this section); see 40 C.F.R. §§ 124.2 and 146.3 ("Facility or activity means any 'HWM facility,' UIC 'injection well,' NPDES "point source" or "treatment works treating domestic sewage" or State 404 dredge or fill activity, or any other facility or activity (including land or appurtenances thereto) that is subject to regulation under the RCRA, UIC, NPDES, or 404 programs."). (Emphasis added.)

CONCLUSION

For the reasons stated above, FCI requests that the Environmental Appeals Board deny the Petition.

Dated: April 6, 2017

Respectfully submitted,

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C A TE : 1:

George A. Tsiolis Attorney at Law 351 Lydecker Street Englewood, NJ 07631 (201) 408-4256 gtsiolis@nj.rr.com

Rita P. Maguire, Esq. Maguire, Pearce & Storey, PLLC 2999 North 44th Street, Suite 650 Phoenix, AZ 85018 (602) 277-2195 rmaguire@azlandandwater.com

Attorneys for Florence Copper, Inc.

CERTIFICATE OF SERVICE

I hereby certify that I caused a copy of the attached **PERMITTEE FLORENCE**

COPPER, INC.'s RESPONSE TO PETITION FOR REVIEW FILED BY THE GILA

RIVER INDIAN COMMUNITY to be served by e-mail and by Federal Express (flash drive, next day delivery) upon the persons listed below.

Dated: April 6, 2017

Degetica

Alexa Engelman Office of Regional Counsel EPA Region 9 (MC ORC-2) 75 Hawthorne St. San Francisco, CA 94105 Telephone: (415) 972-3884

Fax: (415) 947-3570

Email: Engelman.Alexa@epa.gov

Linus Everling linus.everling@gric.nsn.us
Thomas L. Murphy
thomas.murphy@gric.nsn.us
Gila River Indian Community
525 W. Gu u Ki
P.O. Box 97
Sacaton, AZ 85147

Telephone: (520) 562-9760

Merrill C. Godfrey mgodfrey@akingump.com Ian A. Shavitz ishavitz@akingump.com Michael-Corey Hinton mhinton@akingump.com Akin Gump Strauss Hauer &

Akin Gump Strauss Hauer & Feld, LLP 1333 New Hampshire Avenue N.W. Washington, D.C. 20036-1564

Telephone: (202) 887-4000

Fax: (202) 887-4288

Counsel for Gila River Indian Community