



DIVISION OF
CORPORATION FINANCE

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549-7010

Mail Stop 7010

January 29, 2008

Nicola Battaglia
Chief Financial Officer
PDG Environmental, Inc.
1386 Beulah Road, Building 801
Pittsburgh, Pennsylvania 15235

**Re: PDG Environmental, Inc.
Form 10-K for Fiscal Year Ended January 31, 2007
File No. 0-13667**

Dear Mr. Battaglia:

We have reviewed your responses and have the following comments. Where indicated, we think you should revise your document in response to these comments. If you disagree, we will consider your explanation as to why our comment is inapplicable or a revision is unnecessary. Please be as detailed as necessary in your explanation. In some of our comments, we may ask you to provide us with information so we may better understand your disclosure. After reviewing this information, we may raise additional comments.

Please understand that the purpose of our review process is to assist you in your compliance with the applicable disclosure requirements and to enhance the overall disclosure in your filing. We look forward to working with you in these respects. We welcome any questions you may have about our comments or any other aspect of our review. Feel free to call us at the telephone numbers listed at the end of this letter.

FORM 10-K FOR FISCAL YEAR ENDED JANUARY 31, 2007

Management's Discussion and Analysis, page 14
Liquidity and Capital Resources, page 21

1. We note your response to our prior comment 3. Please confirm that you will also revise your future quarterly filings to disclose your compliance with the debt covenants.

Statement of Operations, page F-5

2. We note your response to our prior comment 7 that the operating location of the employee fraud was closed. Please tell us what consideration you gave to whether the Seattle operating location would qualify as discontinued operations under SFAS 144. Otherwise, it remains unclear how you have determined that this “non-recurring charge” would be treated any differently than legal expenses or a receivable write-off regardless of the cause of such charge.

3. After reviewing your response to prior comment 8, it appears to us that the costs incurred to close your Phoenix location and terminate the operating lease constitute an exit or disposal activity under SFAS 146. In accordance with paragraph 18, such exit or disposal activities, which do not involve a discontinued operation, shall be included in income from continuing operations and be part of your determination of income from operations. As such, please tell us whether the Phoenix operating location would qualify as discontinued operations under SFAS 144 and revise your future filings as appropriate. Confirm to us that you have accounted for these costs in accordance with paragraphs 15 – 16 of SFAS 146 in that you valued the exit costs net of any reasonably obtainable sublease rentals at fair value at the cease-use date.

Please respond to these comments within 10 business days or tell us when you will provide us with a response. Please furnish a letter that keys your responses to our comments and provides any requested information. Detailed letters greatly facilitate our review. Please understand that we may have additional comments after reviewing your responses to our comments.

You may contact Bret Johnson at (202) 551-3753 or me at (202) 551-3768 if you have questions regarding our comments.

Sincerely,

John Cash
Accounting Branch Chief