

July 20, 2012

Mr. Mark Rogaczewski
District III Supervisor
Department of Environmental Quality – Land Quality Division
2100 West 5th Street
Sheridan, WY 82801

Attn: Document Control Desk
U.S. Nuclear Regulatory Commission
Mr. Keith McConnell, Deputy Director
Decommissioning and Uranium Recovery Licensing Directorate
Division of Waste Management and Environmental Protection
Office of Federal and State Materials and Environmental Management Protection
Mail Stop T-8F5
11545 Rockville Pike
Two White Flint North
Rockville, MD 20852-2738

Re: Uranerz Energy Corporation Nichols Ranch ISR Project, WDEQ-LQD Permit to Mine No. 778 and NRC SUA-1597 Quarterly Report

Dear Mr. Rogaczewski,

Pursuant to the Permit to Mine No. 778 and SUA-1597 License Condition 11.1, quarterly reporting is required. Review of WDEQ-LQD rules and regulations and the permit, compared to NRC license conditions shows similar reporting requirements in addition to the requirement to provide courtesy copies to each agency. Uranerz has therefore, in an effort to reduce redundant reporting and our environmental footprint with duplicate paper copies, combined the Wyoming Department of Environmental Quality – Land Quality Division quarterly report with the NRC License SUA-1597 quarterly report. If you have any questions regarding the provided information, please contact me at 307-265-8900 or by email at mthomas@uranerz.com.

Sincerely,



Michael P. Thomas
Vice President Environmental, Safety, and Health
Uranerz Energy Corporation

MT/dk

FSME20

Attachments

2nd Quarter 2012 Report (with Appendices)

Cc: WDEQ-LQD District 3 (3 sets)

1st set for District 3

2nd set copy for District 1

3rd set copy to send to Buffalo Field Office BLM (as needed)

NRC: Ron Linton, NRC Project Manager

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July 20, 2012

Attn: Document Control Desk
Director
Office of Federal and State Materials and
Environmental Management Programs
U.S. Nuclear Regulatory Commission
Washington, DC 20555-0001

Re: Quarterly Report Uranerz Energy Corporation Nichols Ranch ISR Project SUA-1597

Dear Mr. McConnell,

This letter and attachment serves as the 2nd Quarter 2012 quarterly report for the Uranerz Energy Corporation Nichols Ranch ISR Project that is required by License Condition 11.1 in SUA-1597. If you have any questions regarding the provided information, please contact me at 307-265-8900 or by email at mthomas@uranerz.com.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael P. Thomas", written in a cursive style.

Michael P. Thomas
Vice President Environmental, Safety, and Health
Uranerz Energy Corporation

MT/dk

Attachment
2nd Quarter 2012 Report (with Appendices)

cc: Ron Linton, NRC Project Manager



2nd Quarter 2012 Report – Nichols Ranch ISR Project WDEQ-LQD Permit to Mine No. 778 and NRC License SUA-1597

Introduction

Uranerz Energy Corporation (Uranerz) received its Wyoming Department of Environmental Quality – Land Quality Division Permit to Mine No. 778 on December 29, 2010. On July 19, 2011 Source Material License SUA-1597 was issued to Uranerz by the NRC. Construction of the Nichols Ranch CPP and Production Area #1 commenced August 2, 2011.

The following highlights activities that occurred at the Nichols Ranch Unit during the quarter:

- The concrete, building and site earthwork is complete for the main facilities. Major construction in the maintenance and office buildings is complete enabling Uranerz to move in office equipment and other internal items. A majority of the equipment, pumps, valves, tanks, vessels, pipe, fittings, electrical equipment, and instrumentation has been delivered to site. The structural piping supports are being installed and the plant process piping is scheduled to begin in July.
- In the wellfield, fusing of the wellfield trunkline commenced and two header house structures were erected.
- Interim reclamation activities began this quarter with the area around the main facility and the pipeline between the central plant and the staging area being seeded. Two topsoil stockpiles were also seeded. This will also be reported WDEQ-LQD Annual Report.
- Baseline sampling for Production Area #1 (PA#1) continued during the report period with an anticipated completion expected during the 3rd Quarter. For your planning purposes, once completed, the Upper Control Limits (UCLs) and Restoration Target Values (RTVs) will be calculated and submitted to the WDEQ-LQD and NRC.
- Well installation continued in PA#1 and is discussed below.
- Uranerz met with WDEQ-LQD in March and NRC in May to discuss the Jane Dough amendment area.
- Uranerz re-evaluated the access road between the cement silo and the first cattle guard into the PA#1 wellfield area and has elected to postpone installation until such time that it will be needed. This area will be used by light duty vehicles to perform required monitor well sampling. Uranerz will notify WDEQ-LQD if activity needs change prior to commencing as requested by WDEQ-LQD in comments to the 1st Quarter 2012 report.
- The WDEQ Water Quality Division (WDEQ-WQD) submitted the Deep Disposal Well proposal out to public comment and the EPA in May 2012. The EPA has requested additional information and the WDEQ-WQD will be responding as necessary.
- No activities took place at the Hank Unit.

MONITORING

Uranerz previously reported that baseline sampling for PA#1 began during the 1st Quarter 2012. Baseline sampling of the wellfield is performed in accordance with the WDEQ-LQD permit and NRC License Condition 11.3 and 11.4. It is anticipated that the baseline sampling will be completed during the 3rd Quarter 2012. Upon receipt of sampling results, UCLs and RTVs will be calculated and submitted to the WDEQ-LQD and NRC.

Excursion Parameters, Corrective Actions, Well Status

There was no injection of fluids in the 2nd Quarter of 2012, hence there was no excursion monitoring and there are no excursions to report for the period.

WELL INSTALLATION

Fifty-seven (57) Class III wells were drilled and completed.

Mechanical Integrity Testing

The WDEQ-LQD Permit to Mine No. 778 requires mechanical integrity test (MIT) results for wells be reported quarterly. NRC License Condition 11.1B requires a summary of MIT results semi-annually; however, the MIT information remains the same regardless of the reporting timeframe and will therefore just be a more frequent reporting than required.

Ninety-five (95) Class III wells were tested during the report period at the Nichols Ranch Unit. MIT results are attached as Appendix A. The Appendix format of column designations was established based on WDEQ-LQD criteria. The first column in Appendix A is a simple line designation for eas in review. Also, in Appendix A the column titled Lower_Pckr_Depth, the "Pckr" is an abbreviation for Packer which is an expandable plug used to isolate section in a well. Two (2) wells failed MIT during the quarter and are discussed in the following section.

Defective Wells and Well Repair

As mentioned above, two production wells failed initial MIT during the report period (Wells 1-A15 and 1-B9) and were abandoned. The well status is attached in Appendix B.

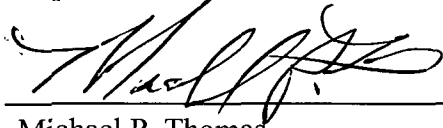
Wells MRN-2, MRN-3, and MRN-34 that had been scheduled for abandonment in the quarter were completed. Plug and abandonment of wells is performed in accordance Permit to Mine No. 778. Abandonment reports will be submitted in the WDEQ-LQD Annual Report as required by Permit to Mine No. 778.

APPENDICES

Appendix A – MITs for Nichols Ranch Production

Appendix B - Well Status

I certify under penalty of law that this document and all attachments were prepared under my direction or supervision in accordance with a system designed to assure that qualified personnel properly gather and evaluate the information submitted. Based upon my inquiry of the person or persons who manage the system, or the those persons directly responsible for gathering the information, the information submitted is, to the best of my knowledge and belief, true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including, the possibility of fine and imprisonment for known violations.



Michael P. Thomas
Vice President Environmental, Safety, and Health
Uranerz Energy Corporation

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**WDEQ - Quarterly Report/2nd QTR 2012 -
MITs for Nichols Ranch Production**

Appendix A



#	Well Name	Date Tested	Casing Type	Bottom Casing	Lower_Pckr_Depth	Initial_Pressure	Final_Pressure	Pressure_Loss	Next Test Date	Pass-Fail
1	1A-47	5/15/2012	PVC	583	570	180	163	17	5/14/2017	PASS
2	1A-63	4/13/2012	PVC	556	540	180	180	0	4/12/2017	PASS
3	1A-48	4/5/2012	PVC	564	550	180	178	2	4/4/2017	PASS
4	1A-43	4/9/2012	PVC	559	550	180	163	17	4/8/2017	PASS
5	1A-42	4/9/2012	PVC	553	540	180	169	11	4/8/2017	PASS
6	1A-52	4/5/2012	PVC	561	550	180	176	4	4/4/2017	PASS
7	1A-46	4/5/2012	PVC	563	550	180	178	2	4/4/2017	PASS
8	1A-69	5/14/2012	PVC	606	590	180	166	14	5/13/2017	PASS
9	1A-8.1	5/4/2012	PVC	558	540	180	164	16	5/3/2017	PASS
10	1A-36	5/14/2012	PVC	603	590	180	168	12	5/13/2017	PASS
11	1A-65	4/20/2012	PVC	563	550	180	172	8	4/19/2017	PASS
12	1A-76	5/15/2012	PVC	543	530	180	165	15	5/14/2017	PASS
13	1A-92	6/25/2012	PVC	517	510	180	165	15	6/24/2017	PASS
14	1A-73	6/15/2012	PVC	602	590	180	165	15	6/14/2017	PASS
15	1A-20	5/14/2012	PVC	596	590	180	170	10	5/13/2017	PASS
16	1A-75	6/13/2012	PVC	604	590	180	168	12	6/12/2017	PASS
17	1A-94	6/13/2012	PVC	598	580	180	166	14	6/12/2017	PASS
18	1A-74	6/13/2012	PVC	594	580	180	163	17	6/12/2017	PASS
19	1A-108	6/25/2012	PVC	538	520	180	164	16	6/24/2017	PASS
20	1A-59	5/1/2012	PVC	558	540	180	167	13	4/30/2017	PASS
21	1A-57	5/7/2012	PVC	567	550	180	170	10	5/6/2017	PASS
22	1A-84	5/7/2012	PVC	564	550	180	174	6	5/6/2017	PASS
23	1A-55	5/7/2012	PVC	554	540	180	165	15	5/6/2017	PASS
24	1A-50	5/7/2012	PVC	542	530	180	162	18	5/6/2017	PASS
25	1A-27	5/7/2012	PVC	602	590	180	165	15	5/6/2017	PASS
26	1A-23	5/8/2012	PVC	567	550	180	177	3	5/7/2017	PASS
27	1A-10	5/8/2012	PVC	591	580	180	171	10	5/7/2017	PASS

#	Well Name	Date Tested	Casing Type	Bottom Casing	Lower_Pckr_Depth	Initial_Pressure	Final_Pressure	Pressure_Loss	Next Test Date	Pass-Fail
28	1A-80	5/9/2012	PVC	550	540	180	166	14	5/8/2017	PASS
29	1A-58	5/8/2012	PVC	550	540	180	163	17	5/7/2017	PASS
30	1A-62	4/17/2012	PVC	576	560	180	170	10	4/16/2017	PASS
31	1A-19	5/5/2012	PVC	593	580	180	163	17	5/4/2017	PASS
32	1A-79	5/5/2012	PVC	549	530	180	169	11	5/4/2017	PASS
33	1A-88	5/9/2012	PVC	606	590	180	165	15	5/8/2017	PASS
34	1A-71	4/27/2012	PVC	548	530	180	166	14	4/26/2017	PASS
35	1A-68	4/26/2012	PVC	551	540	180	165	15	4/25/2017	PASS
36	1A-54	4/26/2012	PVC	556	540	180	177	3	4/25/2017	PASS
37	1A-51	4/20/2012	PVC	549	530	180	178	2	4/19/2017	PASS
38	1A-96	6/12/2012	PVC	539	520	180	17	0	6/11/2017	PASS
39	1A-66	5/8/2012	PVC	570	560	180	166	14	5/7/2017	PASS
40	1A-56	5/16/2012	PVC	566	550	180	175	5	5/15/2017	PASS
41	1A-64	5/17/2012	PVC	611	600	180	166	14	5/16/2017	PASS
42	1A-60	6/1/2012	PVC	552	520	180	162	18	5/31/2017	PASS
43	1A-25	5/23/2012	PVC	542	530	180	170	10	5/22/2017	PASS
44	1A-109	5/25/2012	PVC	553	540	180	164	16	5/24/2017	PASS
45	1A-9	5/24/2012	PVC	572	560	180	163	17	5/23/2017	PASS
46	1A-61	5/16/2012	PVC	565	550	180	176	4	5/15/2017	PASS
47	1A-61	5/16/2012	PVC	565	550	180	176	4	5/15/2017	PASS
48	1A-110	5/29/2012	PVC	558	550	180	176	4	5/28/2017	PASS
49	1A-90	5/22/2012	PVC	573	560	180	175	5	5/21/2017	PASS
50	1A-106	5/29/2012	PVC	621	610	180	180	0	5/28/2017	PASS
51	1A-35	5/16/2012	PVC	596	580	180	167	13	5/15/2017	PASS
52	1A-72	5/16/2012	PVC	551	540	180	178	2	5/15/2017	PASS
53	1A-33	5/22/2012	PVC	539	530	180	166	14	5/21/2017	PASS
54	1A-97	5/23/2012	PVC	541	530	180	166	14	5/22/2017	PASS
55	1A-85	5/18/2012	PVC	564	550	180	170	10	5/17/2017	PASS
56	1A-15	5/2/2012	PVC	549	540	180		0	5/1/2017	FAIL
57	1A-41	6/1/2012	PVC	575	560	180	166	14	5/31/2017	PASS

#	Well Name	Date Tested	Casing Type	Bottom Casing	Lower_Pckr_Depth	Initial_Pressure	Final_Pressure	Pressure_Loss	Next Test Date	Pass-Fail
58	1A-89	5/21/2012	PVC	547	530	180	166	14	5/20/2017	PASS
59	1A-21	6/6/2012	PVC	593	580	180	170	10	6/5/2017	PASS
60	1A-91	6/8/2012	PVC	550	540	180	165	15	6/7/2017	PASS
61	1A-78	5/17/2012	PVC	540	530	180	164	16	5/16/2017	PASS
62	1A-83	5/17/2012	PVC	547	530	180	171	10	5/16/2017	PASS
63	1A-107	6/22/2012	PVC	549	540	180	166	14	6/21/2017	PASS
64	1A-104	6/22/2012	PVC	557	540	180	162	18	6/21/2017	PASS
65	1A-111	6/22/2012	PVC	552	540	180	164	16	6/21/2017	PASS
66	1A-100	6/22/2012	PVC	549	540	180	163	17	6/21/2017	PASS
67	1A-93	5/29/2012	PVC	593	580	180	174	6	5/28/2017	PASS
68	1A-105	6/6/2012	PVC	554	540	180	180	0	6/5/2017	PASS
69	1A-67	6/12/2012	PVC	608	590	180	167	13	6/11/2017	PASS
70	1A-101	6/7/2012	PVC	586	570	180	166	14	6/6/2017	PASS
71	1A-87	6/7/2012	PVC	528	510	180	163	17	6/6/2017	PASS
72	1A-102	6/5/2012	PVC	536	520	180	166	14	6/4/2017	PASS
73	1A-11	6/4/2012	PVC	606	590	180	166	14	6/3/2017	PASS
74	1A-103	6/4/2012	PVC	645	600	180	164	16	6/3/2017	PASS
75	1A-15.1	6/1/2012	PVC	549	540	180	174	6	5/31/2017	PASS
76	1A-77	5/30/2012	PVC	572	560	180	178	2	5/29/2017	PASS
77	1A-112	6/22/2012	PVC	553	540	180	164	16	6/21/2017	PASS
78	1B-22	5/18/2012	PVC	544	520	180	165	15	5/17/2017	PASS
79	1B-42	6/26/2012	PVC	585	570	180	164	16	6/25/2017	PASS
80	1B-36	6/26/2012	PVC	568	550	180	167	13	6/25/2017	PASS
81	1B-9	4/4/2012	PVC	626	610	180	155	25	4/3/2017	FAIL
82	1B-28	6/27/2012	PVC	563	550	180	179	1	6/26/2017	PASS
83	1B-22	6/15/2012	PVC	621	610	180	162	18	6/14/2017	PASS
84	1B-25	6/26/2012	PVC	557	540	180	163	17	6/25/2017	PASS
85	1B-23	6/14/2012	PVC	623	610	180	170	10	6/13/2017	PASS
86	1B-19	6/25/2012	PVC	570	560	180	168	12	6/24/2017	PASS

#	Well Name	Date Tested	Casing Type	Bottom Casing	Lower_Pckr_Depth	Initial_Pressure	Final_Pressure	Pressure_Loss	Next Test Date	Pass-Fail
87	1B-21	6/15/2012	PVC	568	550	180	168	12	6/14/2017	PASS
88	1B-26	6/25/2012	PVC	555	540	180	166	18	6/24/2017	PASS
89	1B-16	4/4/2012	PVC	626	620	180	171	9	4/3/2017	PASS
90	1B-13	4/13/2012	PVC	569	550	180	167	13	4/12/2017	PASS
91	A 98	5/18/2012	PVC	558	550	180	168	12	5/17/2017	PASS
92	B-12	5/3/2012	PVC	563	550	180	170	10	5/2/2017	PASS
93	B-18	5/3/2012	PVC	584	570	180	171	9	5/2/2017	PASS
94	B-3	5/3/2012	PVC	604	590	180	164	16	5/2/2017	PASS
95	B-6.1	5/4/2012	PVC	562	550	180	173	7	5/3/2017	PASS

Nichols Ranch ISR Project - 2nd Quarter 2012
MIT - Well Status
Monitor and Production Wells

Appendix B

#	Well Name	Date Tested	Well Status	Action Date	Well Depth	Cement Volume Gallons	Comments
1	1A-15	5/2/2012	Abandoned	5/10/2012	590	627	
2	1B-9	4/4/2012	Abandoned	5/25/2012	680	726	
3	MRN-02	12/15/2011	Abandoned	4/3/2012	530	567	
4	MRN-03	12/16/2011	Abandoned	4/4/2012	565	607	
5	MRN-34	12/28/2011	Abandoned	4/3/2012	507	547	