



January 9, 2013

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

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

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 and Mr. Persinko,

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.

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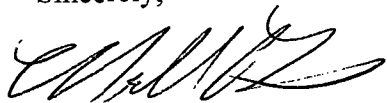
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If you have any questions regarding the provided information, please contact me at 307-265-8900 or by email at mthomas@uranerz.com.

Sincerely,



Michael P. Thomas
Vice President Regulatory and Public Affairs
Uranerz Energy Corporation

MT/dk

Attachments
4th Quarter 2013 Report

cc: Dorran Larner, Project Manager, WDEQ-LQD (via email)
Ron Linton, Project Manager, NRC (via email)
Linda Gersey, Lead Inspector, NRC (via email)

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4th Quarter 2013 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 activity that occurred during the quarter:

Nichols Ranch Unit

- Construction in the Central Processing Plant (CPP) continued during the report period and is in the final stages of completion.
- Construction of the domestic water system was completed this period. The permit to construct was received from the WDEQ-WQD in July, 2013. Sampling, in accordance with EPA requirements, commenced in December. Additionally, an Operations and Maintenance Manual was submitted to WDEQ-WQD per permit condition.
- Wellfield development progressed during the quarter, and activities included:
 - Well head installation progressed.
 - Pipeline and trunkline connections were completed and pressure testing performed.
 - Leak detection systems were installed in the wells, manholes, and basements for header houses 1 and 2. Testing of the systems was completed.
 - Major work in header houses 1 through 3 was completed
 - Construction of the wellfield access road commenced early December. Approval for the installation of culverts was received from WDEQ-LQD; however, due to the weather construction was slow and culvert installation halted.
- Final reports for the deep disposal wells were submitted to WDEQ-WQD this quarter. Approval for use of deep disposal well NICH DW 1 and NICH DW 4 was received from WDEQ-WQD December 5, 2013 and December 20, 2013 respectively.
- The WDEQ- LQD Annual Inspection occurred in October. The inspection resulted in no findings.
- The NRC performed a pre-operational inspection in November. A follow-up visit will be scheduled for early 2014.

Hank Unit

- No activities took place at the Hank Unit.
- The Environmental Assessment (EA) submitted to the Buffalo Wyoming Bureau of Land Management (BLM) office pending approval. Approval has been delayed due to the BLM Section 106 consultation process which must be completed in order to approve the EA.

Monitoring

The upper control limits (UCLs) and restoration target values (RTVs) for the Nichols Ranch Production Area #1 (PA#1) were submitted to LQD and NRC in February, 2013. LQD approved PA#1 in June, 2013. The NRC approved PA#1 in September, 2013. Bi-monthly sampling will commence when production begins.

Excursion Parameters, Corrective Actions, Well Status

There was no injection of fluids in the 4th Quarter 2013, hence there was no excursion monitoring and there are no excursions to report for the period.

Well Installation

Drilling has been suspended since September, 2013 to allow employees to focus on completing activities associated with starting up Nichols Ranch. No new wells have been installed since those reported in 3rd Quarter 2013. Well completion details are available at the mine site and will be provided in the annual report.

Mechanical Integrity Testing

The WDEQ-LQD Permit to Mine No. 778 requires mechanical integrity test (MIT) results, for wells, to 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. The MIT procedure is followed pursuant to Section 3.6 of WDEQ-LQD Mine Plan, Volume V (NRC License Application Volume I, Section 3.4). Results of the MITs are maintained on site and include the signature of the individual responsible for conducting the test.

There were no Class III wells tested for mechanical integrity during the report period. Wells installed during the 3rd Quarter 2013 are pending MIT.

Defective Wells and Well Repair

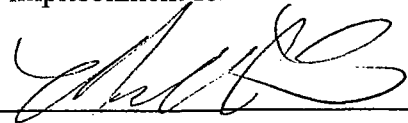
No wells failed during the report period. Additionally, there were no wells requiring repair during the report period.

Plug and abandonment of wells is performed in accordance with Permit to Mine No. 778, Volume V, Mine Plan Section 3.8, and in accordance with Wyoming Statute 35-11-404 (described in NRC License Application Volume I Section 6.1). Well abandonment reports will be submitted in the WDEQ-LQD Annual Report as required by Permit to Mine No. 778. No plug and abandonment activities occurred during the quarter.

CERTIFICATION

This certification is required by WDEQ-LQD Non-Coal Rules and Regulations Chapter 11.

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 on my inquiry of the person or persons who manage the system, or 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 Regulatory and Public Affairs
Uranerz Energy Corporation