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LOST CREEK ISR, LLC

April 14, 2015

Brian Wood
State of Wyoming
Department of Environmental Quality - Land Quality Division
510 Meadowview Drive
Lander, WY 82520

Re: 7-Day Notification of Spill – 1I060 (Report 21)
Lost Creek ISR Project Permit #788

Dear Mr. Wood,

Pursuant to Wyoming Department of Environmental Quality (WDEQ) regulation, Lost Creek ISR, LLC ("LCI") hereby provides a written report detailing a release of injection fluid that was reportable to WDEQ. Using the spill report webpage, LCI notified WDEQ of the spill on April 8, 2015 (Incident ID 150408-1357). Additionally, LCI notified WDEQ-LQD (Brian Wood) and NRC (John Saxton and Linda Gersey) of the release via email on the same day it was reported to the WDEQ. Spill volume was grossly estimated to be approximately 960 gallons. The release was located west of HH1-5 in T25N R92W Section 19, NW qtr-qtr of NE qtr and the location of well 1I060 is shown on **Figure 1** attached. The release area survey data is not available at this time.

The release of injection fluid at injection well 1I060 was found by a Wellfield Operator and shut off at approximately 0540hrs on April 8, 2015. The Wellfield Operator was alerted to the release by a leak detection alarm at the associated header house HH1-5. The leak was believed to have started at 0340hrs based on computer records. However, the leak detector was not activated until 0506hrs likely because the water had leaked out of the bottom of the containment drum due to an ineffective seal around the well casing. The preliminary determination of cause was a faulty or broken well vent. The estimated maximum potential release volume of 960 gallons was determined by the flow rate and duration data from the computer system (8 gpm for 120 min). However, it is not believed that the actual released volume was 960 gallons for the following reasons:

- The pressure release on the vent could have allowed a greater volume of water (>1gpm) to enter the well as opposed to released;
- The flow rate out of the vent line was slow enough that the containment drum did not fill fast enough to trigger the leak detector;
- The rate of leak around the bottom seal of the drum could not likely have been 8 gpm and would have filled more quickly thereby triggering the leak detector sooner.

The concentration of uranium in the injection fluid on the day of the release was 2.6 ppm. No analytical data for soil is available at this time. The insulation hood was properly in place when the leak was discovered.

The immediate action to stop the flow was the shutting of the vent valve. Additional corrective actions include:

- Adding an improved seal around the hole in the base of the drum and well casing. Improved seals have already been incorporated on wells associated with header houses 5 through 10. Seals will be retrofitted on wells associated with header houses 1 through 4.

If you have any questions regarding this letter or require additional information please feel free to contact me at the Casper Office.

Sincerely,

Michael D. Gaither
Manager EHS and Regulatory Affairs
Ur-Energy USA, Inc.

Attachments: **Figure 1: MU1 Header House 1-5 Patterns and Wells**

Cc: John Saxton, NRC Project Manager (via e-mail)
Linda Gersey, NRC Inspector (via e-mail)
Theresa Horne, Ur-Energy, Littleton (via e-mail)

FIGURE 1:
MU-1 Header House 1-5
Patterns and Wells