



November 2, 2016

Mr. Dave Schellinger
Permit Coordinator
Wyoming Department of Environmental Quality - Land Quality Division
2100 West 5th Street
Sheridan, WY 82801

Re: Strata Energy Inc. Ross ISR Project
Spill Report, WDEQ-LQD Permit to Mine No. 802/USNRC Materials License SUA-1601

Dear Mr. Schellinger:

In accordance with Wyoming Department of Environmental Quality - Land Quality Division (WDEQ-LQD) Non-Coal Rules and Regulations Chapter 11, Strata Energy Inc. (Strata) is required to submit a written report of any noncompliance within five days. This report includes the details of a spill of injection water in Mine Unit 1 that occurred on October 11, 2016 at the Ross ISR Uranium Project. This written report provides the same details regarding the spill as were provided in an email dated October 12, 2016. This report also fulfills the requirements in License Condition 11.6 for a written report to the NRC within 30 days of any incident requiring reporting to another Federal or State agency.

On October 11, 2016 a contractor for Strata was performing swabbing operations in Mine Unit 1. The contractor was swabbing well OZ-150 which is east of Headerhouse 2. At roughly 1530, the contractor stopped swabbing as the water wagon which holds the swabbed water was full. The contractor began to pull the water wagon to the lined retention ponds for disposal in accordance with Strata's liquid waste management procedures. After the contractor had driven roughly 0.25 miles, he looked in the rear view mirror and noticed that there was a trail of water behind the water wagon. The contractor stopped the vehicle to inspect the water wagon. At this time the contractor noticed that water was running out of the bottom of the water wagon. The contractor did not want the water to pool on the road, so he drove the water wagon up into the north of the wellfield, away from the reservoir and wetlands. The contractor then notified Strata personnel of the accident. Strata personnel responded at roughly 1615 and by this time the contents of the water wagon had been completely released. The water wagons which Strata uses hold a volume of 1,000 gallons of water. Therefore, this is the volume of injection solution which was released. Strata personnel observed the water wagon and determined that the cause of the accident was that the hose which connects the wellhead to the water wagon was not removed when the contractor moved the vehicle to dispose of the liquid. As a result the bottom valve had broken off as he drove away.

Since the volume of the release is greater than 420 gallons, this is a reportable event under Strata's Permit to Mine #802 and WDEQ-WQD Chapter IV. No water entered a waterway, draw, or playa of the state. There was insufficient pooled water to attempt to recover any of the fluid. A sample was obtained and has been sent to an outside laboratory for analysis of U-nat and Ra-226. Well OZ-150 is an injection well and the most recent analysis of injection solution, obtained on September 7, 2016, yielded results of concentrations of Ra-226 at 223 pCi/L and U-nat at 1.46 mg/L.

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If you have any questions regarding the provided information, please contact me at 307-467-5995 or by email at mgriffin@stratawyo.com.

Sincerely,
STRATA ENERGY INC.

A handwritten signature in blue ink, appearing to read 'Mike Griffin', is positioned above the printed name.

Mike Griffin
Vice President of Permitting, Regulatory and Environmental Compliance

Cc: John Saxton, USNRC