



Uranerz Energy Corporation
(an Energy Fuels Company)
1701 East "E" Street
Casper, WY 82605
307-265-8900
www.energyfuels.com

November 17, 2016

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

Re: Unplanned Release Report, Permit to Mine No. 778, Uranerz Energy Corporation

Dear Mr. Rogaczewski,

In accordance with the Permit to Mine No. 778, Volume VIII Mine Plan, Section 3.19.2, Uranerz Energy Corporation (Uranerz) notified the Wyoming Department of Environmental Quality (WDEQ) and the Nuclear Regulatory Commission (NRC) of an unplanned release which occurred November 15, 2016, 09:56 am at Nichols Ranch. A verbal report of the incident was provided on November 16, 2016 at 09:15 am to Dorran Lerner, WDEQ/LQD, and Ron Linton, NRC. A Follow-up email was provided on November 16, 2016 to WDEQ/LQD and the NRC contact as well as Joe Hunter, WDEQ/WQD. Additionally, Uranerz completed the online WDEQ/WQD spill report, incident ID number: 161116-101346.

Approximately 55 gallons of water was released from well CI-043B, near Header House 5 of Production Area #1. Of the 55 gallons, approximately 10 gallons entered a dry draw. The draw leads to Cottonwood Creek located approximately 1.2 miles south of the release location. The well is located in Township 43 N, Range 76 W, Section 17, NENW. The unplanned release occurred during swabbing activities. Swabbing from injection well (CH-044) into recovery well (CI-043B) was taking place when header house 5 shut down. Swab water continued to be pumped into the recovery well causing the well to overflow with swab water. The leak detect system tripped an alarm notifying the operators of the release and the operators responded promptly to stop the swabbing activities within minutes of the start of release. A diagram of the unplanned release is attached.

While the spill is expected to be injection water from well CH-044 pumped to recovery well CI-043B causing the well to overflow, it cannot be determined if the water released was purely recovery well water or injection well water since a sample could not be taken. With this in mind, Uranerz decided to use the well with the highest concentrations of uranium and Ra-226 as being representative of the water released onto the ground which was from the recovery well CI-043B. A daily composite sample of the production water in header house 5 was collected on the day of the release and analyzed for uranium content. The sample contained 27.4 mg/L of uranium. A recent sample collected on November 9, 2016 from well CI-043B had been analyzed for uranium with a result of 24.1 mg/L. Uranerz intends to use the composite sample result of 27.4 mg/L as that is a more conservative result. In addition, a quarterly header house 5 composite sample was collected September 15, 2016 and analyzed for radium-226 with a result of 432 pCi/L. Additionally, a soil sample was collected (0-6 inches depth) at the wellhead where the release occurred. The sample was sent to a third party laboratory for analysis of natural uranium and



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radium-226. It will take approximately 30 days to receive results from the laboratory. The results will be reviewed and the unity rule for radium benchmark will be applied to evaluate if cleanup will occur prior to decommissioning. Records pertaining to unplanned releases, including this report, are maintained on site and are available for review upon request. As required by the permit, reportable spills will be noted in the Annual Report to WDEQ/LQD.

If you have any questions regarding the provided information, please contact me at 307-232-6671 or by email at alinard@energyfuels.com.

Sincerely,

A handwritten signature in blue ink, appearing to read 'A. Linard', enclosed within a large, loopy oval shape.

Aaron Linard
Environmental, Safety, and Health Manager
Uranerz Energy Corporation (an Energy Fuels Company)

AL/th

Attachment: Release Diagram

cc: Ron Linton, NRC Project Manager (3 copies),
Joe Hunter, WDEQ/WQD



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Well CI-043B, Header House 5 Area
Unplanned Release 11/15/2016

