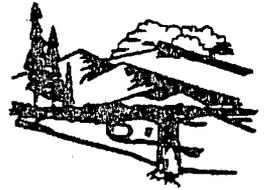




Department of Environmental Quality



To protect, conserve and enhance the quality of Wyoming's
environment for the benefit of current and future generations.

Dave Freudenthal, Governor

John Corra, Director

July 23, 2010

Mr. Michael Thomas
Uranerz Energy Corporation
1701 East "E" Street
P.O. Box 50850
Casper, WY 82605-0850

**RE: Hank - Nichols Ranch In Situ Recovery Mining Permit Application,
TFN 4 2/284**

Dear Mr. Thomas:

Enclosed are two review memos containing comments from Mark Taylor's and my reviews of the above cited application. As noted in the memos, these reviews found that the application remains technically incomplete as per W. S. § 35-11-406(h). However, we are down to the one comment in my review memo that requires a response which I discussed with you on July 22.

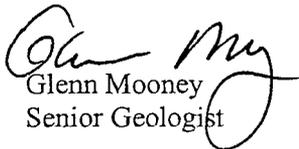
As I noted in my review memo, we have decided that the aquifer exemption determination must be obtained from EPA before the application can be determined technically complete and the public notice process can begin. This will allow the public notice requirement for the aquifer exemption be included in the public notice for the mining permit application.

Also, the reclamation bond instrument will need to be submitted near the end of the permit comment period.

If you have any questions concerning any comment in these memos, please feel free to contact me or Mark Taylor.

A digital copy of this memo will be emailed to you to aid in your reply.

Sincerely,


Glenn Mooney
Senior Geologist

\gm

Enclosure

Cc: Cheyenne File w/enc.
NRC-MD w/enc.
Uranerv5cvlet.10gm

NMS501
MSR
7/23/10



4 2/284
GMM



MEMORANDUM

TO: File, TFN 4 2/284

THRU: Glenn Mooney, Application Coordinator

FROM: Mark Taylor, Groundwater Project Geologist *mt*

DATE: July 20, 2010

SUBJECT: Fifth Technical Review – Uranerz Energy Corporation's application for an ISL permit for the Nichols Ranch Uranium Project

The following are my technical review comments in response to Glenn Mooney's request of June 24, 2010:

Technical Review

Appendix D-6, Hydrology

48-M. Exhibit D6-1 and Exhibit D6-2: Responses are acceptable. (MT)

Mine Plan

114-M. Mine Plan, Section 3.4, Lixiviant Control: Responses are acceptable. (MT)

New Comments

- 1-T Addendum MP-G: Nichols Ranch Numerical Groundwater Modeling, Section MPG.1.2.2.1, Flare Evaluation, pg. 6: Response is acceptable. (MT)
- 2-T Addendum MP-H: Hank Numerical Groundwater Modeling, Section MPH.1.1.1.1.2, Aquifer Properties, pg. 2: Responses is acceptable. (MT)

Uranerz Energy Corporation
Nichols Ranch ISR Permit Application; TFN 4 2/284
Fifth Round Technical Review
July 20, 2010
Page 2

Conclusions

My final review of the hydrogeologic portions of this application found that they are now technically acceptable as per W.S. § 35-11-406(h). I am prepare to recommend approval this permit application document and when instructed I will commence drafting the hydrogeologic portions of the State Decision Document.

/mt

999RM_Nichols Ranch_07_20_2010.MT

MEMORANDUM

To: File, Uranerz Energy Corporation's Nichols Ranch ISL Project, TFN 4 2/284
From: Glenn Mooney, Senior Geologist *GM*
Date: July 23, 2010
Subject: Fifth Technical Review

Introduction

On December 7, 2007, Uranerz Energy submitted an application under cover of Mike Thomas' letter of November 30, 2007, to conduct in situ recovery uranium mining. The proposed permit area covers 3,370.53 acres in Campbell and Johnson counties.

Fourth round technical review comments were sent to Uranerz under cover of my letter of June 3, 2010. A response package was received June 24, 2010, under cover of Mike Thomas' letter of the same day.

Those earlier comments not requiring responses have been eliminated.

Review

Index of Changes

A detailed Index of Changes was provided with the June 24, 2010, submittal package. But, since Uranerz carried out the insertions by themselves, there was no opportunity to compare the new material with the Index.

Technical Review

Comments – March 31, 2009 Review

Adjudication

- A. Appendix C – Legal Description of Proposed Permit Area
 - e. Section C-3, No Right to Mine Claimed
 - ii. On Figure 1-8 the wellfield has now been removed from Lot 5 since Uranerz does not have the right-to-mine in this tract. The figure does show perimeter monitor wells located in Lot 5, but according to Mike Thomas (7/7/10 telephone conversation), Uranerz does have an agreement with Cameco (PRI), the mineral owner, for installation of these wells.

MJK

Uranerz Energy Corporation
Nichols Ranch ISR Permit Application
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During this conversation, I recommended that a copy of this agreement with PRI should be placed in the permit document, if it was not already there. My review of the adjudication volume did not find a copy. I recommend that it be placed with the surface owner consents and surface use agreements already there. A tab for these documents marked "Consents and Agreements" should also be provided to mark this section.

In a July 22, 2010, telephone conversation with Mike Thomas, he stated that Cameco did not wish to have the written agreement between them and Uranerz made public by placing in the permit document. As an alternative, I requested that a notarized affidavit from a Uranerz office be placed in the permit document that affirms the existence of an agreement between the two companies exists and also gives the date of the agreement. This he agreed to do.

A copy of the affidavit is required.

Comments – January 6, 2010, Review

a. Figure 1-8, Hank Unit, Proposed Monitor Well Locations

The permit boundary now is depicted as running along the western section lines as requested.

This is acceptable; no response is required.

c. Reclamation Plan – Addendum A, Reclamation Surety Estimate

A detailed restoration and reclamation cost estimate was included that covers the cost of groundwater restoration, demolition and reclamation for the Nichols Ranch portion of the operation, the portion which will be completed and operational the first year of operations. The cost of plugging and abandoning one deep disposal well is included in this estimate as well.

Submittal of a reclamation bond in the amount of \$6,800,000.00 will be required prior to permit approval. This amount is rounded. The bond total was discussed with Mike Thomas as it includes groundwater restoration costs which may not be required during

Uranerz Energy Corporation
Nichols Ranch ISR Permit Application
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the first year of construction and operations. Mr. Thomas was comfortable with the inclusion of groundwater restoration costs with the first year's bond.

Conclusions

Review of the application found that it is not yet technically acceptable as per W.S. § 35-11-406(h). However, only one minor comment remains to be satisfied.

It has also been decided that the aquifer exemption determination must be obtained from EPA before the application can be determined technically complete and the public notice process can begin. This will allow the public notice requirement for the aquifer exemption be included in the public notice for the mining permit application.

/gm

Uranrevmem4.10gm