



January 21, 2012

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

FSME 20

Sincerely,



Michael P. Thomas
Vice President Environmental, Safety, and Health
Uranerz Energy Corporation

MT/dk

Attachments

4th Quarter 2012 Report (with Appendices) – 3 sets

- 1st set for Sheridan
- 2nd set for Cheyenne
- 3rd set Buffalo Field Office BLM (as needed)

Cc: NRC: Ron Linton, NRC Project Manager



4th Quarter 2012 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.
- Several tanks in the CPP area were erected including the sodium bicarbonate silo, and the carbon dioxide and oxygen tanks.
- Installation of the main trunkline between the CPP and Production Area #1 (PA#1) was completed during the quarter. The majority of surface disturbance related to the trunkline installation was reclaimed for the interim and was reported in the Annual Report.
- Wellfield development progressed during the quarter including:
 - Pipeline installation progressed with the installation of pipelines from header houses 1 through 3 to the main trunkline and from the header houses to the wellfield.
 - Work in header houses 1 through 3 continued.
 - Well installation for header houses 1 through 3 was completed and drilling commenced in Header House 4 during the quarter. Additional information regarding well installation is provided below.
- The upper control limits (UCLs) and restoration target values (RTVs) for production area are being completed and will be submitted in the near future.
- Approvals for the Aquifer Exemption and the Deep Disposal Wells were received.

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 at the end of September pends approval.

Monitoring

Monitor well baseline sampling for Production Area #1 was completed during the report period. Baseline sampling is performed in accordance with the WDEQ-LQD permit and NRC License Condition 11.3 and 11.4. The upper control limits (UCLs) and restoration target values (RTVs) are forthcoming and will be submitted under separate cover.

Excursion Parameters, Corrective Actions, Well Status

There was no injection of fluids in the 4th Quarter 2012, hence there was no excursion monitoring and there are no excursions to report for the period.

Well Installation

Thirty-nine (39) Class III wells were drilled and completed. 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.

Thirty-four (34) of the 39 Class III wells completed were tested for mechanical integrity. Wells testing with a pressure at or below 10% in a 10-minute timeframe have passed the MIT. Thirty-two (32) of the 34 wells tested passed. MIT results are attached as Appendix A. Uranerz completed a periodic quality assurance (QA) review on the MIT data yielding five wells for which the MIT was completed but not reported in their respective quarterly report. The five wells include N1A-005, N1A-070, N1A-081, N1A-095, and N1B-002. All five wells passed MIT and testing results are in Appendix A.

The format of column designations, in Appendix A was established based on WDEQ-LQD criteria. The first column is a simple line designation for ease in review. In the seventh column titled Lower_Pckr_Depth, the "Pckr" is an abbreviation for "packer" which is an expandable plug used to isolate a section in a well.

Defective Wells and Well Repair

Two Class III wells failed initial MIT during the report period, N1C-003 and N1C-004, which are scheduled for abandonment 1st Quarter 2013. Uranerz previously reported in the 3rd Quarter 2012 report that wells N1B-037 and N1B-073.1 would be abandoned during the 4th Quarter 2012 and that has been completed. Appendix B contains the status of wells failing MIT.

Plug and abandonment of wells is performed in accordance Permit to Mine No. 778, Volume V, Mine Plan Section 3.8 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.

APPENDIX

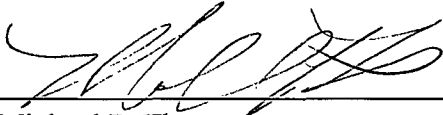
Appendix A – MITs for Nichols Ranch Production

Appendix B – Well Status

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 Environmental, Safety, and Health
Uranerz Energy Corporation

**WDEQ - Quarterly Report/4th QTR 2012 -
MITs for Nichols Ranch Production**

Appendix A



#	Well Name	Date Tested	Casing Type	Bottom Casing (Top of Completion)	Duration (Minutes)	Lower_Pckr_Depth (Feet)	Initial_Pressure (Psi)	Final_Pressure (Psi)	Pressure_Loss (Net)	Next Test Date	Pass-Fail
1	N1A-095	2/21/2012	PVC	571	10	560	180	168	12	2/21/2017	PASS
2	N1A-005	3/30/2012	PVC	578	10	560	180	165	15	3/30/2017	PASS
3	N1B-002	3/30/2012	PVC	613	10	600	180	176	4	3/30/2017	PASS
4	N1A-070	6/14/2012	PVC	616	10	600	180	166	14	6/14/2017	PASS
5	N1A-081	6/14/2012	PVC	608	10	600	180	169	11	6/14/2017	PASS
6	N1B-015-1	10/1/2012	PVC	644	10	630	180	167	13	10/1/2017	PASS
7	N1B-071	10/2/2012	PVC	627	10	610	180	169	11	10/2/2017	PASS
8	N1B-052	10/3/2012	PVC	631	10	620	180	172	8	10/3/2017	PASS
9	N1C-005	10/8/2012	PVC	606	10	590	180	168	12	10/8/2017	PASS
10	N1B-079	10/8/2012	PVC	608	10	590	180	164	16	10/8/2017	PASS
11	N1B-084	10/9/2012	PVC	632	10	620	180	168	12	10/9/2017	PASS
12	N1B-081	10/9/2012	PVC	616	10	600	180	169	11	10/9/2017	PASS
13	N1C-003	10/9/2012	PVC	634	10	620	180	0	0	10/9/2017	FAIL
14	N1B-076	10/10/2012	PVC	629	10	610	180	172	8	10/10/2017	PASS
15	N1B-085	10/10/2012	PVC	629	10	610	180	164	16	10/10/2017	PASS
16	N1B-058	10/13/2012	PVC	622	10	610	180	170	10	10/13/2017	PASS
17	N1B-086	10/17/2012	PVC	600	10	590	180	165	15	10/17/2017	PASS
18	N1B-091	10/19/2012	PVC	616	10	600	180	166	14	10/19/2017	PASS
19	N1B-070	10/19/2012	PVC	643	10	630	180	167	13	10/19/2017	PASS
20	N1B-078	10/23/2012	PVC	633	10	620	180	168	12	10/23/2017	PASS
21	N1B-093	10/29/2012	PVC	630	10	620	180	170	10	10/29/2017	PASS
22	N1B-088	10/29/2012	PVC	639	10	620	180	173	7	10/29/2017	PASS
23	N1B-096	10/29/2012	PVC	647	10	630	180	166	14	10/29/2017	PASS
24	N1B-055	10/30/2012	PVC	627	10	610	180	167	13	10/30/2017	PASS

#	Well Name	Date Tested	Casing Type	Bottom Casing (Top of Completion)	Duration (Minutes)	Lower_Pckr_Depth (Feet)	Initial_Pressure (Psi)	Final_Pressure (Psi)	Pressure_Loss (Net)	Next Test Date	Pass-Fail
25	N1B-097	11/1/2012	PVC	648	10	630	180	166	14	11/1/2017	PASS
26	N1B-099	11/2/2012	PVC	650	10	640	180	172	8	11/2/2017	PASS
27	N1B-089	11/6/2012	PVC	633	10	590	180	174	6	11/6/2017	PASS
28	N1B-073-2	11/7/2012	PVC	639	10	620	180	169	11	11/7/2017	PASS
29	N1B-090	11/12/2012	PVC	640	10	630	180	170	10	11/12/2017	PASS
30	N1B-095	11/12/2012	PVC	637	10	620	180	168	12	11/12/2017	PASS
31	N1B-101	11/12/2012	PVC	639	10	620	180	171	9	11/12/2017	PASS
32	N1C-004	11/15/2012	PVC	627	10	610	180	0	0	11/15/2017	FAIL
33	N1B-033	11/15/2012	PVC	617	10	600	180	169	11	11/15/2017	PASS
34	N1C-007	11/16/2012	PVC	661	10	650	180	167	13	11/16/2017	PASS
35	N1B-102	11/19/2012	PVC	636	10	620	180	170	10	11/19/2017	PASS
36	N1C-011	11/19/2012	PVC	639	10	620	180	167	13	11/19/2017	PASS
37	N1B-048	11/19/2012	PVC	625	10	610	180	169	11	11/19/2017	PASS
38	N1B-098	11/20/2012	PVC	635	10	620	180	168	12	11/20/2017	PASS
39	N1B-092	12/5/2012	PVC	662	10	640	180	170	10	12/5/2017	PASS

Nichols Ranch ISR Project -4th Quarter 2012
 M I T - W e l l S t a t u s
 M o n i t o r a n d P r o d u c t i o n W e l l s

Appendix B



#	Well Name	Date Tested	Well Status	Action Date	Well Depth (FT)	Well Diameter (Inches)	Casing Volume (Gallons)	Cement Volume Gallons	Comments
1	N1B-037	7/5/2012	Abandoned	10/18/12	670	5	632	686	
2	N1B-073.1	9/24/2012	Abandoned	10/19/12	670	5	646	686	