



April 22, 2013

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.

Sincerely,



Michael P. Thomas
Vice President Regulatory Affairs
Uranerz Energy Corporation

MT/dk

Attachments

1st Quarter 2013 Report (with Appendices)

Cc: NRC: Ron Linton, NRC Project Manager



1st Quarter 2013 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.
- Wellfield development advanced during the quarter including:
 - Pipeline installation from header houses 1 and 2 to the main trunkline was completed and installation from header house 3 to the main trunkline progressed.
 - Installation of pipelines from the header houses to the wellfield proceeded.
 - Work in header houses 1 through 3 continued.
- Well installation continued in the area for Header House 4 during the quarter. Additional information regarding well installation is provided below.
- Interim reclamation in the area of header houses 1 through 4 commenced in the later part of the quarter. Culverts have been checked and cleared as necessary.
- The deep disposal well drilling pads were constructed in preparation of drilling activities. The drilling pad areas were accounted for in the 2012 Annual Report to LQD.

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

The upper control limits (UCLs) and restoration target values (RTVs) for the Nichols Ranch Production Area #1 were submitted to LQD and NRC in February.

Excursion Parameters, Corrective Actions, Well Status

There was no injection of fluids in the 1st Quarter 2013, hence there was no excursion monitoring and there are no excursions to report for the period.

Well Installation

Nineteen (19) Class III wells were drilled and completed during the period. 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.

Twenty-seven (27) Class III wells were tested for mechanical integrity during the report period. Wells testing with a pressure at or below 10% in a 10-minute timeframe have passed the MIT. All 27 wells tested passed. MIT results are attached as Appendix A. Uranerz completed a periodic quality assurance (QA) review on the MIT data yielding two wells for which the MIT was completed but not reported in their respective quarterly report. The two wells include NIC-009 and NIC-103. Both 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

Wells NIC-003 and NIC-004 were reported in the 4th Quarter 2012 Report as having failed MIT and were abandoned this quarter. As reported to LQD on March 8, 2013, well NIC-003 was abandoned 30 days past the abandon or repair requirement per Chapter 11 Section 8(c). Uranerz, upon discovery, immediately abandoned the well. Well NIC-004 abandonment was in accordance with the regulatory requirements. 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 Regulatory Affairs
Uranerz Energy Corporation

Appendix A

| # | Well Name | Date Tested | Casing Type | Bottom Casing | Lower_Pckr_Depth | Initial_Pressure | Final_Pressure | Pressure_Loss | Next Test Date | Pass-Fail |
|----|-----------|-------------|-------------|---------------|------------------|------------------|----------------|---------------|----------------|-----------|
| 1 | N1B-029 | 1/3/2013 | PVC | 558 | 540 | 180 | 178 | 2 | 1/2/2018 | PASS |
| 2 | N1C-020 | 1/16/2013 | PVC | 700 | 600 | 180 | 164 | 16 | 1/15/2018 | PASS |
| 3 | N1C-015 | 1/17/2013 | PVC | 700 | 610 | 180 | 173 | 7 | 1/16/2018 | PASS |
| 4 | N1C-006 | 1/17/2013 | PVC | 660 | 610 | 180 | 169 | 11 | 1/16/2018 | PASS |
| 5 | N1C-021 | 1/17/2013 | PVC | 700 | 660 | 180 | 174 | 6 | 1/16/2018 | PASS |
| 6 | N1C-018 | 1/18/2013 | PVC | 660 | 610 | 180 | 172 | 8 | 1/17/2018 | PASS |
| 7 | N1C-014 | 1/21/2013 | PVC | 650 | 630 | 180 | 166 | 14 | 1/20/2018 | PASS |
| 8 | N1B-087 | 1/21/2013 | PVC | 680 | 620 | 180 | 171 | 9 | 1/20/2018 | PASS |
| 9 | N1B-080 | 1/21/2013 | PVC | 680 | 630 | 180 | 169 | 11 | 1/20/2018 | PASS |
| 10 | N1C-023 | 1/22/2013 | PVC | 670 | 630 | 180 | 169 | 11 | 1/21/2018 | PASS |
| 11 | N1C-002 | 1/22/2013 | PVC | 695 | 660 | 180 | 166 | 14 | 1/21/2018 | PASS |
| 12 | N1C-017 | 1/24/2013 | PVC | 690 | 630 | 180 | 174 | 6 | 1/23/2018 | PASS |
| 13 | N1C-010 | 1/29/2013 | PVC | 691 | 660 | 180 | 166 | 14 | 1/28/2018 | PASS |
| 14 | N1C-013 | 1/29/2013 | PVC | 685 | 620 | 180 | 167 | 13 | 1/28/2018 | PASS |
| 15 | N1C-019 | 1/29/2013 | PVC | 685 | 640 | 180 | 167 | 13 | 1/28/2018 | PASS |
| 16 | N1C-003-1 | 2/4/2013 | PVC | 634 | 620 | 180 | 164 | 16 | 2/3/2018 | PASS |
| 17 | N1C-016 | 2/4/2013 | PVC | 680 | 620 | 180 | 168 | 12 | 2/3/2018 | PASS |
| 18 | N1B-100 | 3/5/2013 | PVC | 670 | 620 | 180 | 165 | 15 | 3/4/2018 | PASS |
| 19 | N1B-094 | 3/5/2013 | PVC | 680 | 630 | 180 | 175 | 5 | 3/4/2018 | PASS |
| 20 | N1C-035 | 3/6/2013 | PVC | 690 | 670 | 180 | 168 | 12 | 3/5/2018 | PASS |
| 21 | N1C-031 | 3/8/2013 | PVC | 685 | 630 | 180 | 175 | 5 | 3/7/2018 | PASS |
| 22 | N1C-008 | 3/15/2013 | PVC | 690 | 590 | 180 | 175 | 5 | 3/14/2018 | PASS |
| 23 | N1C-034 | 3/15/2013 | PVC | 690 | 660 | 180 | 165 | 15 | 3/14/2018 | PASS |
| 24 | N1C-027 | 3/15/2013 | PVC | 650 | 620 | 180 | 172 | 8 | 3/14/2018 | PASS |
| 25 | N1C-025 | 3/19/2013 | PVC | 660 | 620 | 180 | 169 | 11 | 3/18/2018 | PASS |
| 26 | N1C-033 | 3/19/2013 | PVC | 675 | 620 | 180 | 171 | 9 | 3/18/2018 | PASS |
| 27 | N1C-012 | 3/20/2013 | PVC | 690 | 640 | 180 | 165 | 15 | 3/19/2018 | PASS |

Appendix A

| # | Well Name | Date Tested | Casing Type | Bottom Casing | Lower_Pckr_Depth | Initial_Pressure | Final_Pressure | Pressure_Loss | Next Test Date | Pass-Fail |
|---|-----------|-------------|-------------|---------------|------------------|------------------|----------------|---------------|----------------|-----------|
| 1 | N1B-103 | 11/29/2012 | PVC | 645 | 630 | 180 | 177 | 3 | 11/28/2017 | PASS |
| 2 | N1C-009 | 11/30/2012 | PVC | 645 | 630 | 180 | 176 | 4 | 11/29/2017 | PASS |

Nichols Ranch ISR Project -1st Quarter 2013
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 | Well Diameter (Inches) | Casing Volume | Cement Volume Gallons | Comments |
|---|-----------|-------------|-------------|-------------|------------|------------------------|---------------|-----------------------|----------|
| 1 | NIC-003 | 10/9/2012 | Abandoned | 3/7/13 | 655 | 5 | 668 | 696 | |
| 2 | NIC-004 | 11/15/2012 | Abandoned | 3/8/13 | 660 | 5 | 673 | 706 | |