



July 3, 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.

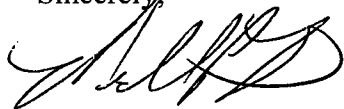
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If you have any questions regarding the provided information, please contact me at 307-265-8900 or by email at mthomas@uranerz.com.

Sincerely,



Michael P. Thomas
Vice President Regulatory Affairs
Uranerz Energy Corporation

MT/dk

Attachments
2nd Quarter 2013 Report

Cc: NRC: Ron Linton, NRC Project Manager

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2nd 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 house 3 to the main trunkline was completed.
 - Leak detection installation commenced for wells in header houses 1 and 2.
 - Work in header houses 1 through 3 continued.
- Interim reclamation in the area of header houses 1 through 4 continued during the period.
- Uranerz submitted well name changes for 124 wells on June 19, 2013. These 124 Class III wells were reported as complete in the 2012 Annual Report. The well name changes were made to standardize nomenclature in a new database to ensure tracking control. The well name changes represent an administrative change and there was no revision to the Permit or the Production Area #1 Wellfield Package. No monitor well names were changed. The name changes will be included in the next Annual Report to ensure continuity of information.

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 (PA#1) were submitted to LQD and NRC in February, 2013. LQD approved PA#1 as Change No. 6 to the permit in June, 2013.

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

There was no well installation during the quarter. As described in the 2012 Annual Report, drilling was temporarily suspended in PA#1 and will resume in the coming quarter.

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.

There were no Class III wells tested for mechanical integrity during the report period as no new wells were installed. Mechanical Integrity Testing will resume when well installation resumes.

Defective Wells and Well Repair

No wells failed during the report period. Additionally, there were no wells requiring repair during the report period.

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

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