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LOST CREEK ISR, LLC

November 16, 2015

Document Control Desk
Nuclear Regulatory Commission
Washington, D.C. 20555-001

Re: Release Report "HH1-11 Lines"
Lost Creek ISR Project SUA-1598

Dear Mr. Saxton,

Pursuant to License Condition 11.6, Lost Creek ISR, LLC ("LCI") hereby provides a written report detailing a release of injection and production fluid that was reportable to the Wyoming Department of Environmental Quality. Using the spill report webpage, LCI notified WDEQ/Water Quality Division of the spill on October 19, 2015 (Incident ID 151019-1447). Additionally, LCI notified WDEQ-LQD (Brian Wood) and NRC (John Saxton and Linda Gersey) of the release via email on the same day it was reported to the WDEQ. Spill volume was originally estimated to be approximately 139 gallons and entered the ephemeral drainage adjacent to the release point. A refined estimate of the release volume based on surveyed area and a 2 inch infiltration depth was approximately 367 gallons. The release was located west of HH1-11 in T25N R92W Section 20, NWNW qtr-qtr and is shown on **Figure 1** attached.

A sample of the released fluid was collected on October 18 and analyzed for uranium resulting in a concentration of 59.4 mg/L.

The release of fluid near Header House 1-11 (HH1-11) was initially found by a Wellfield Operator on Saturday, October 17, 2015 at approximately 11:00 which was reported to the Mine Manager. The release was estimated at approximately 60 gallons and covered only a small area. The release did not impact drainage and was not reportable at the time. The cause was unknown and the operation of HH1-11 was shut down to stop the flow. On Sunday, October 18, production flows were reconfigured in an attempt to isolate the leak and HH1-11 operation was then restarted. Following restart, the leak started flowing again and the surface flow had reached the dry, ephemeral drainage as observed by a wellfield operator at approximately 1700 hrs. Flows were shut down at HH1-11 and the leak site excavated on Monday, October 19 to find the source of the leak.

Following excavation and investigation of the leak source, it was discovered that the fluid originated from leaking polyethylene injection and production lines in the line corridor from HH1-11. Three lines,

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one 2-inch production line and two 1-inch injection lines, were discovered with holes, all within the same vicinity, likely caused by a short in the well power supply cables. The cables, bundled together with the fluid lines, had been compressed together underneath the fluid lines by the weight of the backfill causing a short circuit due to the thinning of the insulation between wires. The heat buildup from the short circuit likely melted holes in the lines. The lines were repaired and flows restored as of October 21.

The immediate action to stop the flow was to shut down operation of HH1-11. Additional corrective actions include:

- Power distribution cables and fluid lines to the wells will be buried separately or otherwise isolated from each other in construction of future header houses.

If you have any questions regarding this letter or require additional information please feel free to contact me at the Casper Office.

Sincerely,

Michael D. Gaither
Manager EHS and Regulatory Affairs
Ur-Energy USA, Inc.

Attachments: **Figure 1: Release "HH1-11 Lines"**

Cc: John Saxton, NRC Project Manager
U.S. Nuclear Regulatory Commission
Mail Stop T-8F5
11545 Rockville Pike
Rockville, MD 20852
Linda Gersey, NRC Inspector (via e-mail)
Brian Wood, WDEQ-LQD (via e-mail)
Theresa Horne, Ur-Energy, Littleton (via e-mail)

FIGURE 1: Release "HH1-11 Lines" (NW Sec 20, T25N, R92W)