



June 6, 2016

Mr. Dave Schellinger
Permit Coordinator
Wyoming Department of Environmental Quality - Land Quality Division
2100 West 5th Street
Sheridan, WY 82801

Re: Strata Energy Inc. Ross ISR Project
Spill Report, WDEQ-LQD Permit to Mine No. 802/USNRC Materials License SUA-1600

Dear Mr. Schellinger:

In accordance with Wyoming Department of Environmental Quality - Land Quality Division (WDEQ-LQD) Non-Coal Rules and Regulations Chapter 11, Strata Energy Inc. (Strata) is required to submit a written report of any noncompliance within five days. This report includes the details of a spill of water just outside the Strata's Central Processing Plant (CPP) that occurred on the night of June 1st, 2016 at the Ross ISR Uranium Project.

On June 1st, 2016 at 11:45PM the plant operator heard a loud noise. The operator looked into the plant area and noticed water under the IX columns area. The operator immediately pressed the "Emergency Stop" button which shut down all pumps in the plant and header house buildings. The "Emergency Stop" button was pressed at 11:46PM. The operator then immediately went to the valve station VS1, located on the southwest side of the CPP. The operator closed the valves in VS1 so that residual water in the trunklines would not be able to flow back into the plant.

The cause of the spill was then investigated. The operators determined that the trunkline bringing recovery solution from the wellfield into the plant had fractured where a pipe was glued at a flange.

The operators notified the Production Superintendent, the Radiation Safety Officer, and the Vice President of Operations of the incident at roughly 12:00 AM. It was estimated that approximately 1,400 gallons of production solution leaked as a result of the break. Less than half of the water was released outside the plant. The estimated volume of spilled water outside the plant is 500 to 600 gallons.

The spilled solution went primarily onto the gravel road on the south side of the building. A small amount also ran into and pooled in the drainage ditch on the west side of the building. This pooled water was pumped into a water wagon and was then placed into the lined disposal ponds. The amount of pooled water which was retrieved into the water wagon was roughly 100 gallons. No spilled solution entered a waterway.



The extent of the spill was marked and water samples were obtained. Two samples were obtained of the spill, one of pooled water inside the plant and the other of pooled water outside the plant. The samples have been sent to an outside accredited laboratory for analysis of natural uranium and Ra-226.

The cause of the spill is currently under investigation. All pressures and flows were at normal levels in the hours directly preceding the event.

The quick response by the plant operators greatly reduced the volume of the spill and highlights good training and awareness by the plant operators.

If you have any questions regarding the provided information, please contact me at 307-467-5995 or by email at mgriffin@stratawyo.com.

Sincerely,
STRATA ENERGY INC.

A handwritten signature in blue ink, appearing to read "M. Griffin", is written over the printed name.

Mike Griffin
Vice President of Permitting, Regulatory and Environmental Compliance

Cc: John Saxton, USNRC