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LOST CREEK ISR, LLC

40-9068

August 12, 2016

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

Re: Release Report "HH1-10 Valve Vault"
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 production fluid that was reportable to the Wyoming Department of Environmental Quality. Using the spill report webpage, LCI notified WDEQ of the spill on July 21, 2016 (Incident ID 160721-1032). 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. The release was located at HH1-10 vault at T25N R92W Section 17 SW of SW qtr-qtr and is shown on **Figure 1** attached.

The release volume estimate was determined using electronically recorded flow rate data and time interval with a result of approximately 13,650 gallons. Approximately 1,260 gallons of the released fluid was recovered using a vacuum truck for a net estimate of released fluid of 12,390 gallons which infiltrated the ground at the bottom of the vault at around 4 feet below ground surface.

The release of fluid within the valve vault associated with Header House 1-10 (HH1-10) was initially found by a Wellfield Operator on Wednesday July 20, 2016 at approximately 11:00PM which was reported to the Mine Manager. The release, due to a leak in an 8 inch polyethylene ("poly") production pipeline originating from HH1-13 (routed through the HH1-10 vault), was confined to the footprint of the vault with no surface expression.

A sample of the released fluid was analyzed for uranium by the onsite lab the same day as the discovery of the release. The concentration of uranium was determined to be 89.1 ppm (U as U_3O_8).

The flow to the leaking pipeline had been shut off upon discovery of the leak. The leak was repaired within the vault and hence no excavation was required. Upon inspection of the leak during repairs, the likely cause of the leak was determined to be a failed poly fusion joint connecting the pipe with a 90 degree fitting.

NMSS01

The immediate action to stop the flow was to shut down operation of HH1-13. Additional corrective actions include:

- A review of pipe fusion records by the Construction Supervisor revealed no potential issues with fusion equipment or fusion joints constructed in the same time period.
- Pressure testing will be conducted at a higher pressure, if feasible, as limited by the technical specifications of the system components.

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: HH1-10 Area**

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)

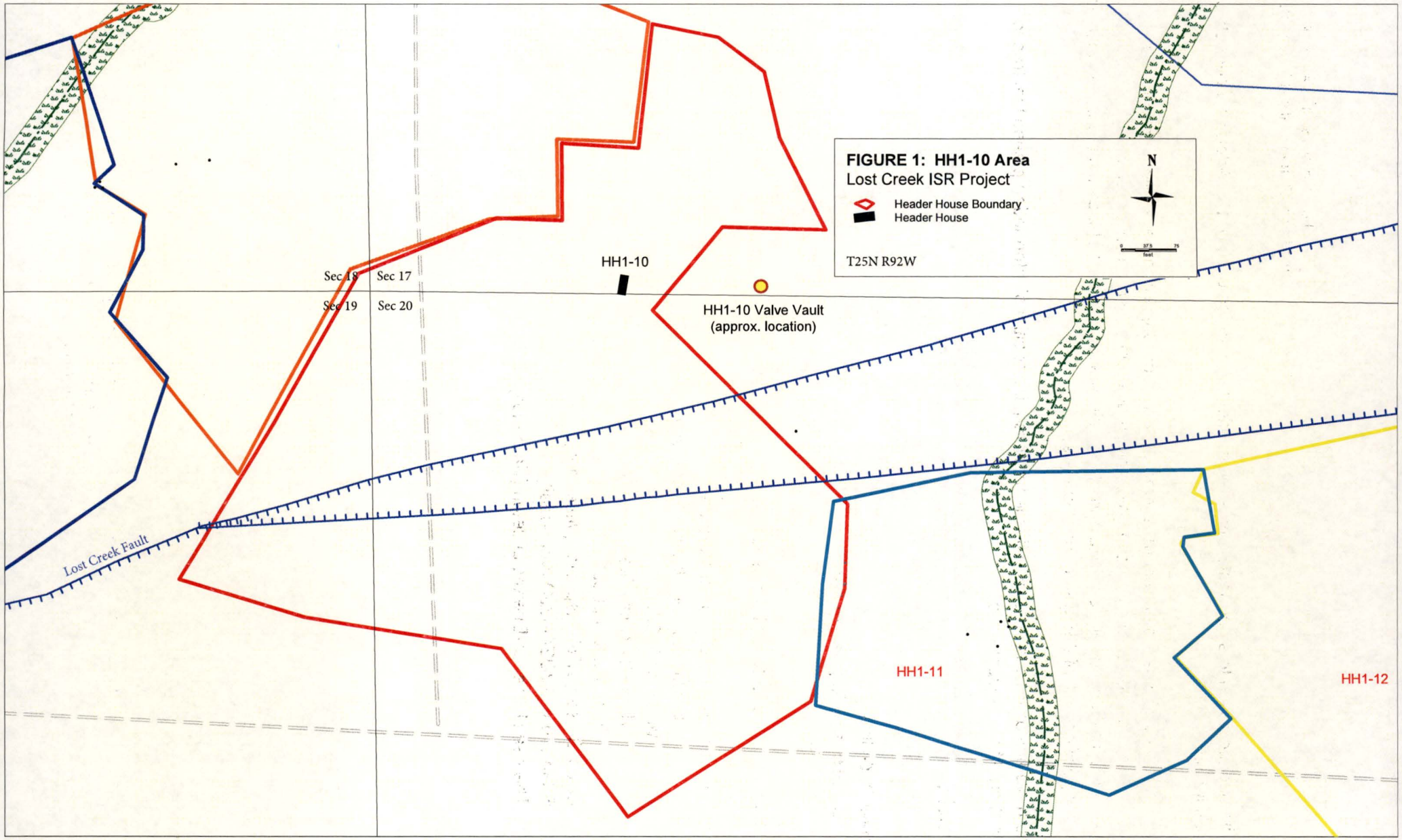
FIGURE 1: HH1-10 Area
Lost Creek ISR Project
Header House Boundary
Header House
T25N R92W
N
0 37.5 75
feet
HH1-10
HH1-10 Valve Vault
(approx. location)
Sec 18
Sec 17
Sec 19
Sec 20
Lost Creek Fault
HH1-11
HH1-12