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LOST CREEK ISR, LLC

December 30, 2016

Brian Wood
State of Wyoming
Department of Environmental Quality - Land Quality Division
510 Meadowview Drive
Lander, WY 82520

**Re: Notification of Release – HH1-5 (Report 24)
Lost Creek ISR Project Permit #788**

Dear Mr. Wood,

In accordance with Wyoming Department of Environmental Quality Land Quality Division (WDEQ-LQD) regulation, Lost Creek ISR, LLC ("LCI") hereby provides a written report detailing a release of injection fluid that was reportable to WDEQ. Using the spill report webpage, LCI notified WDEQ-Water Quality Division (WQD) of the spill on December 27, 2016 (Incident ID 161227-1048). Additionally, LCI notified WDEQ-LQD (Brian Wood) and NRC (John Saxton) of the release via email on the same day it was reported to the WQD. Notifications were delayed due to many personnel on leave for the holiday break. The release volume was initially estimated at approximately 582 gallons based on the area affected by the release. The release occurred from within Header House 1-5 (HH1-5) at T25N R92W Section 19 NW of NE qtr-qtr and is shown on the Figure attached. A small portion of the release entered the dry ephemeral drainage just to the south of HH1-5.

The release was discovered by a wellfield operator on the evening of December 22, 2016 at approximately 21:52 hrs. Most of the release was contained within the HH basement but had overflowed to the outside of the building before the e-stop was engaged. Upon inspection, the operator discovered that the six inch polyethylene injection header pipe had ruptured at a fusion joint. Concentration of uranium (as U3O8) in the injection stream for that day was approximately 1.5 ppm.

The immediate action to stop the flow from HH1-5 was to activate the emergency stop button on the exterior of the building. The HH remained off until sufficient personnel were available for the repairs. Repairs were initiated on December 27, 2016.

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: HH1-5 Patterns and Wells

Cc: Nancy Williams, LQD District II Supervisor (via e-mail)
John Saxton, NRC Project Manager (via e-mail)
Bernadette Baca, NRC Inspector (via e-mail)
Theresa Horne, Ur-Energy, Littleton (via e-mail)

MU-1 Header House 1-5 Patterns and Wells

HH1-2

HH1-5

Approximate Area
of HH1-5 Release

- Production Well
- ▲ Injection Well
- ◇ Pattern
- - - Flow Path
- HH Location

