



Uranerz Energy Corporation  
(an Energy Fuels Company)  
1701 East "E" Street  
Casper, WY 82605  
307-265-8900  
www.energyfuels.com

December 8, 2016

Department of Environmental Quality – Land Quality Division  
District III Supervisor  
2100 West 5<sup>th</sup> Street  
Sheridan, WY 82801

Re: Unplanned Release Report, Permit to Mine No. 778, Uranerz Energy Corporation

Dear Mr. Rogaczewski,

In accordance with the Permit to Mine No. 778, Volume VIII Mine Plan, Section 3.19.2, Uranerz Energy Corporation (Uranerz) notified the Wyoming Department of Environmental Quality (WDEQ) and the Nuclear Regulatory Commission (NRC) of an unplanned release which occurred December 8, 2016, 2155 at Nichols Ranch. A verbal report of the incident was provided on December 8, 2016 at 1100 to BJ Kristiansen, WDEQ/LQD, and December 8, 2016 at 1330 to Ron Linton, NRC. A Follow-up email was provided on December 8, 2016 to WDEQ/LQD and the NRC contact as well as Joe Hunter, WDEQ/WQD. Additionally, Uranerz completed the online WDEQ/WQD spill report, incident ID number: 161208-154207.

Approximately 2800 gallons of injection solution was released from well N1A-007, near Header House 2 of Production Area #1. The release entered a draw which contained approximately 2 inches of snow at the time of release. The draw leads to Cottonwood Creek located approximately 1.2 miles south of the release location. The well is located in Township 43 N, Range 76 W, Section 7, SESE. During routine wellfield inspections, well N1A-007, in the header house 2 area was noticed to be leaking by the wellfield operator. The well was shut off immediately upon observation of the leak. The cause of the release was due to a plastic valve breaking and the leak detect system failed to alarm. Uranerz believes the equipment and alarm failure is due to sub-zero temperatures freezing the valve causing it to rupture and allowing fluid to be released. A map of the unplanned release is attached.

A daily sample of the injection stream was collected on the day of the release and analyzed for uranium content. The sample was non-detect of U3O8. An injection stream sample was also taken which indicated a concentration of 363 pCi/L of radium-226. Records pertaining to unplanned releases, including this report, are maintained on site and are available for review upon request. As required by the permit, reportable spills will be noted in the Annual Report to WDEQ/LQD.

If you have any questions regarding the provided information, please contact me at 307-232-6671 or by email at [alinard@energyfuels.com](mailto:alinard@energyfuels.com).





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Sincerely,

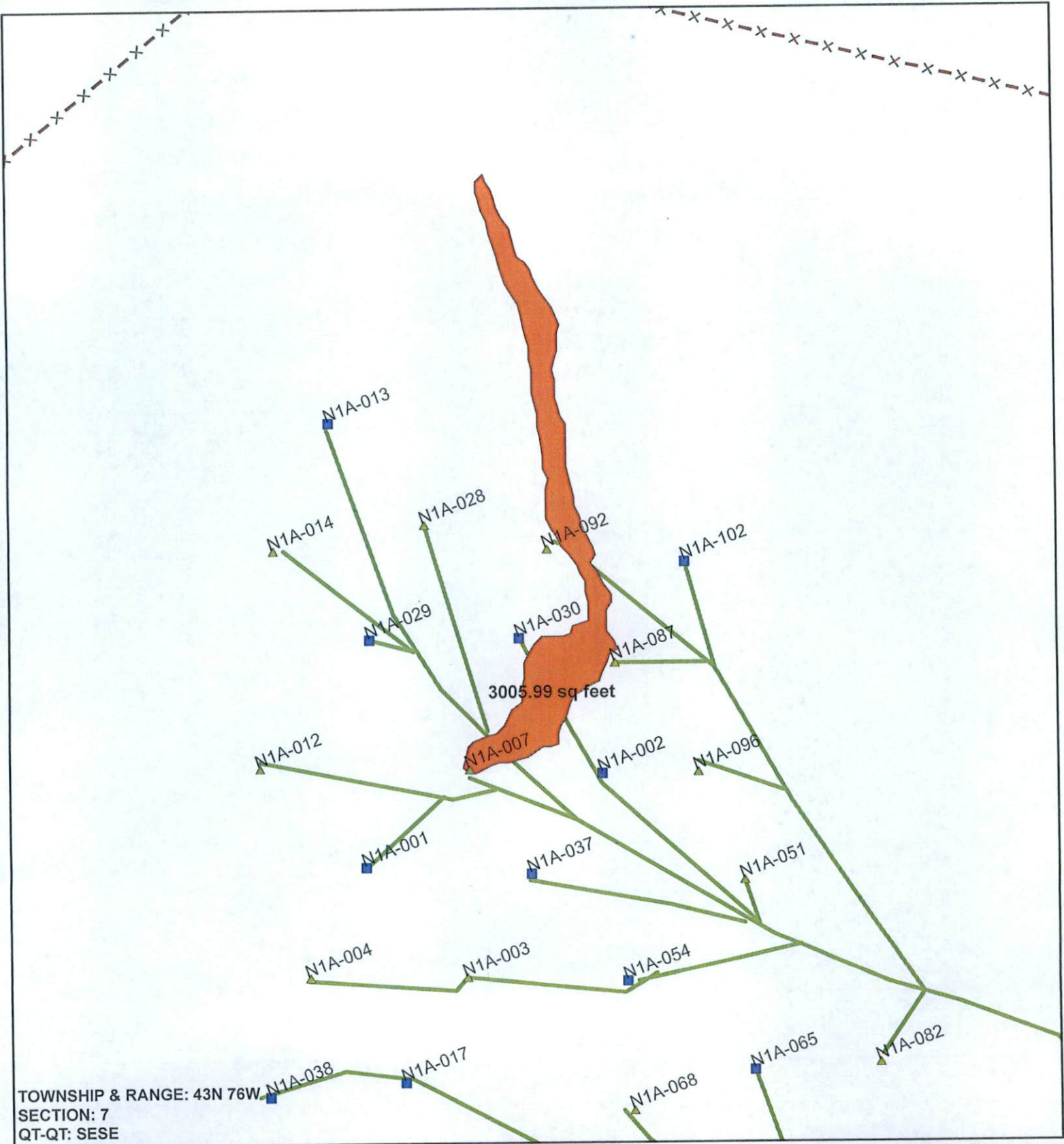
A handwritten signature in blue ink, appearing to read 'Aaron Linard', enclosed in a blue oval.

Aaron Linard  
Environmental, Safety, and Health Manager  
Uranerz Energy Corporation (an Energy Fuels Company)

AL/th

Attachment: Release Location Map

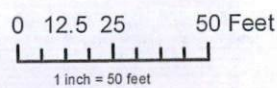
cc: Ron Linton, NRC Project Manager (3 copies),  
Joe Hunter, WDEQ/WQD



TOWNSHIP & RANGE: 43N 76W  
 SECTION: 7  
 QT-QT: SESE

**Legend**

- N1A007 SPILL 12-08-2016 (3005.99 sq feet)
- INJ
- REC
- HH2 Trenching





1701 EAST 1<sup>st</sup> STREET P.O. BOX 60050  
 CASPER, WYOMING, USA 82005-0050  
 PHONE 307.265.9500 FAX 307.266.0504

Nichols Ranch ISR Project  
 REPORTABLE SPILL HH2  
 N1A007 12-08-2016

By: A Amzal	Date: 12-08-2016
Contour Interval: N/A	Revision Date:
Scale: 1 inch = 50 feet	Dwg. Datum: UTM 1927 ZONE 13
Exhibit Number:	