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LOST CREEK ISR, LLC

January 16, 2017

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

**Re: Notification of Release – 11365 (Report 25)
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 January 9, 2017 (Incident ID 170109-1520). 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. The release volume was initially estimated at approximately 3,654 gallons based on the area affected by the release. The release originated from injection well 11365 at T25N R92W Section 18 SE of SE qtr-qtr and is shown on the **Figure** attached. The release did not enter any drainage.

The release was discovered by a wellfield operator on January 9, 2017 at approximately 0930 hrs. The majority of the release was under snow cover and had not been spotted until enough fluid surfaced. The source of the release was an injection vent that had frozen and broken due to the extremely cold weather. The insulation jacket was properly on the well head at the time. The leak detection in the well cover had malfunctioned and did not alert operators of the leak. Concentration of uranium (as U3O8) in the injection stream at HH1-9 on the day of the release was approximately 1.3 ppm.

The immediate action to stop the flow at 11365 was to shut off the well at the header house. The vent was replaced with a "pop-off" but the well will remain off and tagged out until the leak detection system is repaired and tested.

Other corrective actions include:

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- Vents are being shut off to prevent freeze damage and wells are manually vented during the rest of the cold season
- The leak detections sensors for all of the injection wells are being tested
- Replacement of the old style vents with pressure "pop-offs" is continuing until all vents have been replaced
- A more routine leak detection testing plan is being developed

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: HH1-9 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)

