



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Wyoming High Plains District

Buffalo Field Office

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Buffalo, Wyoming 82834-2436



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Nichols Ranch Uranium ISR Project (WYW-169904)

APR 19 2012

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Return Receipt Requested

Mike Thomas
Uranerz Energy Corporation
P.O. Box 50850
Casper, WY 82605

Subject: Completeness Review of Nichols Ranch Plan of Operations

Dear Mike:

The BLM Buffalo Field Office (BFO) received on March 20 your response, dated March 16, to my September 6, 2011 deficiency letter regarding the Nichols Ranch/Hank Unit Uranium In-Situ Recovery (ISR) Mine Plan of Operations (POO). We have conducted a second completeness review, in accordance with 43 CFR 3809.401(b), and identified a few remaining deficiencies, which are identified below. Please address the identified deficiencies within 30 calendar days. The numbering below corresponds to the listing of items in the CFR. Only those items that are still deficient are indicated below.

2.) Description of Operations:

i. Maps of the project area:

a. Maps should show more precisely where such facilities as header houses, the satellite processing facility, in-field oxygen storage tanks, staging areas, access roads (including those within wellfields), pipelines, overhead power lines, fences, etc., will likely be placed.

b. Figure 2, "General Location of Header House Access Road and Adjacent Pipeline, Utility, and Communication Corridor", does not differentiate the types of linear infrastructure or disturbance areas.

c. There are some differences between the March 2012 maps and earlier maps. For example, the Hank Unit satellite processing facility is oriented east-west on the March 2012 map while it was oriented north-south on earlier maps. Are these differences indicating real intended changes to the planned placement of facilities?

d. The maps include proposed mining activities within areas where Uranerz has indicated, in Appendix C of the Mine Plan, that it does not have the right to mine. Please revise the maps to reflect actual areas where mining activities will occur based on those areas where Uranerz has secured the right to mine.

ii. Preliminary designs:

The height of the header houses and satellite processing facility were not included.

v. Quality assurance plan:

The quality assurance and control plan is too general. The purpose of the plan is to ensure the safe environmental performance of mine facilities constructed on BLM-administered lands.

5.) Interim Management Plan:

Uranerz indicated in their response that they would create an alternative schedule if/when one becomes necessary (more than a 24 month projected work stoppage). An Interim Management Plan is a 43 CFR 3809.401(b) requirement that is to outline procedures that will be followed during times of temporary non-operation, both planned and unplanned. A permanent cessation of lixiviant injection is one possible period of temporary non-operation, but it is not the only scenario that needs to be addressed.

In addition to the components identified above which are necessary for a complete Mine POO, additional operational and baseline environmental information would facilitate BLM's National Environmental Policy Act (NEPA) analysis (43 CFR 3809.401(c)). Please note that in addition to the information listed below, there may be other information needed as the NEPA analysis proceeds. The format for the first section below, again follows the 43 CFR 3809.401(b) listing.

2) Description of Operations:

i. Maps

The map legend for a map included in the deficiency response package (Exhibit D5-b, "Subsurface Geology Map") indicates "Tertiary Fort Union, Lego Shale Member" - it should be "Lebo Shale Member."

ii. Preliminary designs:

- a. In the operating plans, please indicate how human waste will be handled during operations, interim management, reclamation, and post-closure management phases.
- b. Please include information regarding the possibility of 3rd party toll milling of uranium-loaded resin. The present proposal is for processing to occur at Nichols Ranch. However, given that uranium-loaded resin from the Nichols Ranch is presently being toll milled at Cameco's Smith Ranch-Highland facility, 3rd party toll milling is a likely possibility for the Hank Unit.
- c. Please address surface conflicts with oil and gas (including CBNG) development and existing operations in the area.

iii. Water management plan:

There may be potential conflicts for the Hank Unit's proposed deep disposal well into the three indicated formations (Teckla, Teapot, and Parkman). A number of oil and gas wells in the area are producing from the Parkman, Shannon, Turner, and Frontier Formations. Several existing disposal wells in the area inject into the Lance Formation. What are the anticipated effects/conflicts with these other uses? Also, please indicate that, once the information is finalized, BLM will be informed of the legal description, selected formation, and depth for the deep disposal well.

3) Reclamation Plan

iii. Mine reclamation:

When finalized, please inform BLM of the name and location of the approved NRC licensed disposal facility at which radioactive waste, including contaminated buildings and equipment, will be disposed.

v. Wildlife habitat rehabilitation:

Please provide more detail regarding how Uranerz will ensure/provide for wildlife habitat rehabilitation.

4) Monitoring Plan

Uranerz has indicated that domestic and stock wells located within one kilometer of the production area monitoring ring wells will be sampled "after the commencement of uranium recovery operations." How will Uranerz ensure that adequate baseline information (pre-mining) is obtained?

Wildlife:

1. Eagle roosts and raptor nests:

The deficiency response committed to a timing limitation for eagle roost sites and raptor nests. Both eagle roost sites and raptor nests are present within the Hank Unit. Due to the proximity of the ore body to nests and roosts, please provide further detail regarding the types of activities that will, or will not, occur during the restricted periods in order for the BLM to conduct an accurate analysis of impacts.

2. Greater sage-grouse:

In order to provide protection to nesting sage-grouse, BLM requests compliance with BLM IM 2012-19 (2012): "Sage-grouse nesting/early brood-rearing habitat outside core or connectivity areas: Surface disturbing and/or disruptive activities are prohibited from March 15 – June 30 to protect sage-grouse nesting and early brood rearing habitats within 2 miles of the lek or lek perimeter of any occupied lek located outside core or connectivity areas. Where credible data support different timeframes for this restriction, dates may be expanded by 14 days prior or subsequent to the above dates."

3. Overhead power lines.

From the deficiency response, please clarify the phrase "where practical" for our NEPA analysis.

4. Migratory Birds.

From the deficiency response, please clarify the term "minimize." Specifically, is surface disturbance planned during the nesting season (April 1 – July 1)?

Cultural:

The BLM has not received the visual contrast ratings for the traditional cultural properties (48CA268, 48CA6148, 48CA6748, 48CA6751, and 48CA6753).

Not indicated in deficiency response letter:

Please update the information in Table E-1, p. E-1, "Permits and Licenses for the Nichols Ranch ISR Project." Please correct the "BLM Drilling Permit" entry as follows: "BLM Notice of Intent (for conducting exploration)"; "In Possession, WYW-169662." Please add to that table this pending approval: "BLM Plan of Operations", "BLM", "Pending, WYW-169904."

Reclamation cost estimate:

43 CFR 3809.401(d) requires the proponent to submit an estimate of the cost to fully reclaim their operations. BLM will notify Uranerz when we are prepared to review the reclamation cost estimate, this is usually performed prior to approval of operations. Per the Memorandum of Understanding (MOU) with WDEQ, BLM is also required to notify WDEQ LQD if it is in agreement with the total reclamation cost estimate, and its' recommendation for an appropriate figure if it does not.

Please address the identified items within 30 calendar days so that the project can move forward. Following receipt of a complete POO, BLM will publish a notice that the POO is available for public review in the Casper Star Tribune. BLM will accept public comment on the POO for 30 calendar days following publication. The 30 day notice of availability and public review are in accordance with 43 CFR 3809.411(c).

For further information or clarification please contact Thomas Bills, Project Manager (telephone: 307-684-1133, email tbills@blm.gov), or Kerry Aggen, Geologist (telephone: 307-684-1196, email kaggen@blm.gov).

Sincerely,

/s/ Duane Spencer

Duane W. Spencer
Field Manager