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## LOST CREEK ISR, LLC

August 4, 2008

Melissa L. Bautz  
Senior Environmental Analyst  
State of Wyoming Dept. of Environmental Quality  
Land Quality Division  
510 Meadowview Drive  
Lander, WY 82520

**Re: Drilling Notification No. 334DN; Revision to Update 4**

Dear Mrs. Bautz,

Recently, BLM determined an Environmental Assessment (EA) is necessary before approving certain construction aspects of Lost Creek ISR, LLC's (LC ISR) application dated June 5, 2008. However, LC ISR is currently involved in the EA process with the Nuclear Regulatory Commission for this property and does not wish to initiate a redundant EA at this time. Therefore, please find behind this cover letter an Updated Plan of Operations without the activities which require an EA. Specifically, this Update will add the installation of the Deep Exploration Well.

An updated Form 9 covering the work proposed in the updated Plan of Operations, an area map, and a table detailing the remaining bond for each DN Update is included with this letter. The additional 10% fuel contingency and increase in revegetation costs is applied to Updates 3 and 4 since most of this work has not been performed yet. The total number of monitor wells has been significantly reduced from earlier conservative numbers that were developed before the exact shape of the first mine unit was known. The total bond required to reclaim the entire site, inclusive of any disturbance created by Update 4, is \$1,088,800. A bond of \$968,000 is currently in place so an additional \$120,800 will need to be posted.

As discussed during our June 25<sup>th</sup> meeting at the WDEQ-LQD Lander Field Office, please find enclosed a Monitor Well Plan for Mine Unit 1. The bond for the monitor well was previously approved and work has been initiated on installing the outer ring of monitor wells.

Finally, as requested during our June 25<sup>th</sup> meeting, please find below additional information regarding the installation of the deep exploration well. The well is being installed for the purposes of mineral exploration and to gain a better understanding of geologic conditions.

The surface hole (approximately 3,000 feet) likely will be drilled with fresh water and sweeps of gel (bentonite). The production hole (3,000 to approximately 11,000 feet) will be drilled with low-solids non-dispersed mud typical of oil and gas wells drilled in Wyoming. Additives to maintain fluid properties will depend on mud and hole condition. Significant lost circulation is not anticipated, but if encountered would be handled with conventional additives (sawdust, mica, walnut hulls, cottonseed hulls, etc.).

Upon completion of the hole, a full suite of geophysical logs is anticipated. The logs likely will include, at a minimum, SP, gamma, induction resistivity, conductivity and porosity (neutron/density or sonic).

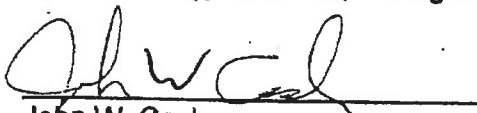
ASTM pipe will be used for the conductor casing (set to approximately 60 to 90 feet). API tubulars will be used for the surface and production casing. The casing program has not been finalized, and may depend on availability of certain types of casing. Regardless, the casing design will be consistent with typical oilfield practices; standard oilfield design criteria (tension, burst, collapse) will be used.

ASTM cement (Type I/II) will be used to isolate the conductor casing. API cements will be used on the surface and production casing. The cement design has not been finalized. In general, however, the cement likely will consist of "Lite" lead (approx. 11.4 to 12.0#/gallon) and Class G tail (approximately 15.6#/gallon). The lite cement will be used to lighten the cement column in an effort to prevent lost circulation during cementing. The anticipated bottom-hole temperature at total depth (11,000') likely will be approximately 180 degrees F. Typical ultimate strength of the tail (Class G) cement is on the order of 4,000 psi. Final design values can be provided at a later time if requested.

Centralizers will be used as warranted to center the casing in the well and enhance the quality of the cement job. A float shoe and float collar will be used for the surface and production casing. Dual wiper plugs will also be used. Because of significant depth, it is possible the production casing will be cemented in two stages, with the stage tool placed at an approximate depth of 6,000 feet. The hole will be conditioned as warranted prior to cementing casing.

If you need any additional information, please do not hesitate to contact me at the Casper office.

Sincerely,  
Lost Creek ISR, LLC  
By: Ur-Energy USA Inc., Manager



John W. Cash  
Manager EHS and Regulatory Affairs

Cc: Nancy Fitzsimmons, URE, Littleton, CO

Attachments: DN9; Update 4  
Mine Unit 1 Monitor Well Plan  
Table of Bond Status



# UNIT DRILLING COMPANY

RIG 138

WORKING DEPTH: 11,000'

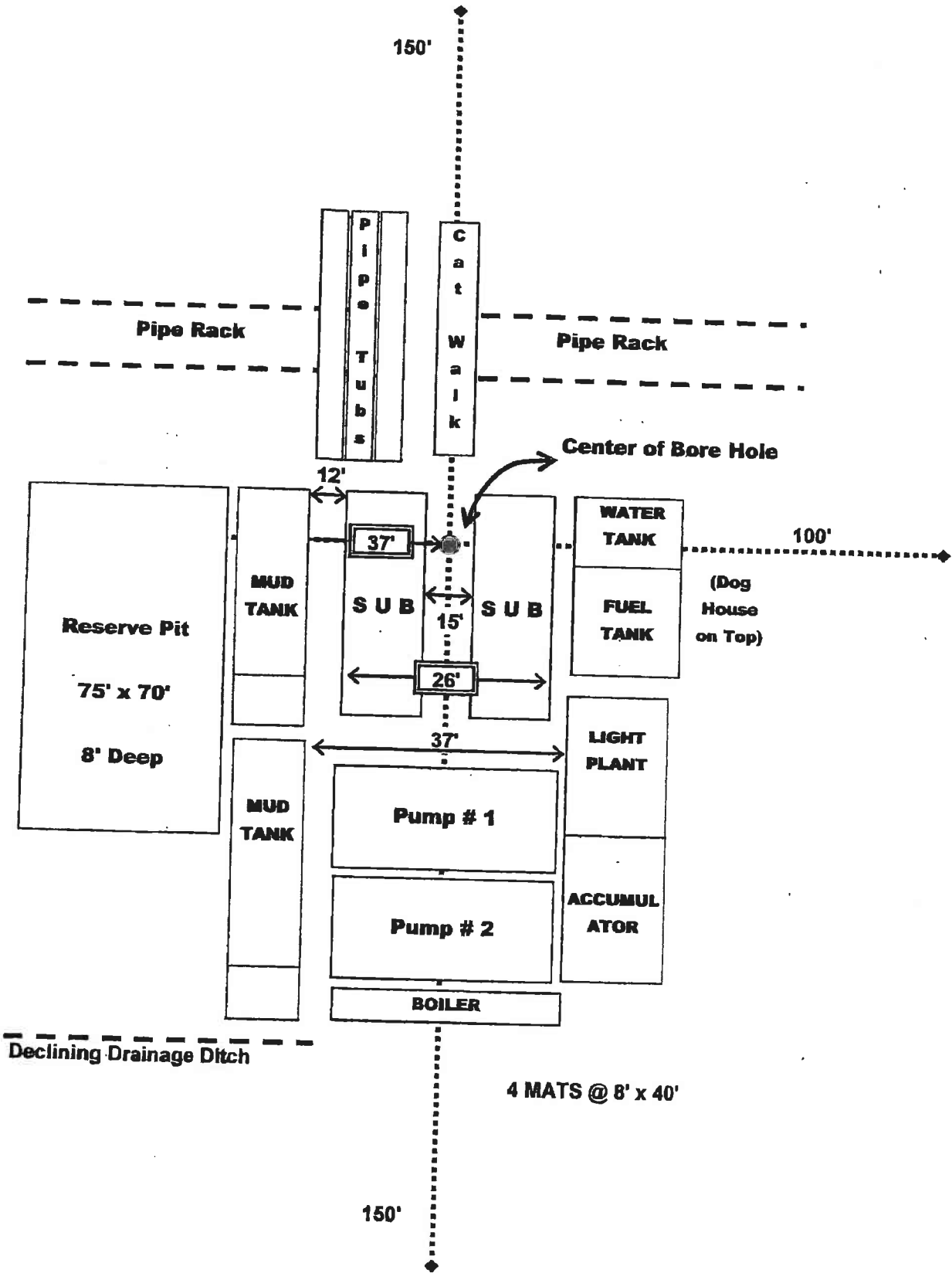
NOTE: SUMMARY IS SUBJECT TO CHANGE

<b>DRAWWORKS</b>	Brewster Powered by: Auxiliary Brake:	N-46 700 HP 2 C-15 Caterpillar diesel engines w/ National torque converters Parmac V-80
<b>SCR HOUSE</b>	N/A	
<b>POWER</b>	2 - 275 KW CAT SR4-275 generators powered by Caterpillar 3406 diesel engines	
<b>#1 PUMP</b>	Oilwell 1100 PT Powered by:	Triplex 50 HP 5 X 6 X 10 Mag Changer Caterpillar D-399 diesel engine
<b>#2 PUMP</b>	Oilwell 850B-PT Powered by:	Triplex 50 HP 5 X 6 X 10 Mag Changer Caterpillar D-398 diesel engine
<b>#3 PUMP</b>	N/A Powered by:	
<b>MAST</b>	135' Lee C. Moore	413,000#
<b>SUBSTRUCTURE</b>	12' H x 46' L x 26' W 413,000# capacity	
<b>TRAVELING EQUIPMENT</b>	Block: Hook: Swivel: Top Drive:	IDECO shortly unitized with hook 265 l  Oilwell PC 225 ton N/A
<b>ROTARY TABLE</b>	Emsco 20 1/2"	
<b>BOP EQUIPMENT</b>	Ram Preventor:  Annular Preventor: Closing Unit:	11" 5,000# Atlas  11" 5,000# Shaffer Valvcon 150 gallons with 4 station closing unit
<b>DRILL PIPE</b>	4 1/2" 16.60# 329-G-105	
<b>DRILL COLLARS</b>	18 - 6" 4-1/2 XH & 2 - 8" 6-5/8 Reg	
<b>MUD SYSTEM</b>	Working Pits:	Sand: 30'L x 9'W x 7'D Suction: 30'L x 9'W x 7'D
<b>SOLIDS CONTROL EQUIPMENT</b>	Premix Pit:	19'L x 10'W x 9'D
	Mud Mixing Pumps:	3 Mission Magnum 5" x 6" x 10" centrifugal
	Shale Shaker:	2 - Swaco linear motion
	Desander:	Harrisburg 2-cone
	Desilter:	Swaco 8-cone
<b>AUXILIARY EQUIPMENT</b>	Prime Movers:	3 agitators w/ 5 HP electric motors
	Degasser:	
<b>AUXILIARY EQUIPMENT</b>	Water Tank:	450 bbl
	Fuel Tank:	10,000 gallons
	Penetration Recorder:	Pason
	Survey Instrument:	A-1 Sure-Shot 7 degree
	Pipe Spinner:	
	Kelly Spinner:	
	Mud House:	
	Trip Tank:	
Transformer:		

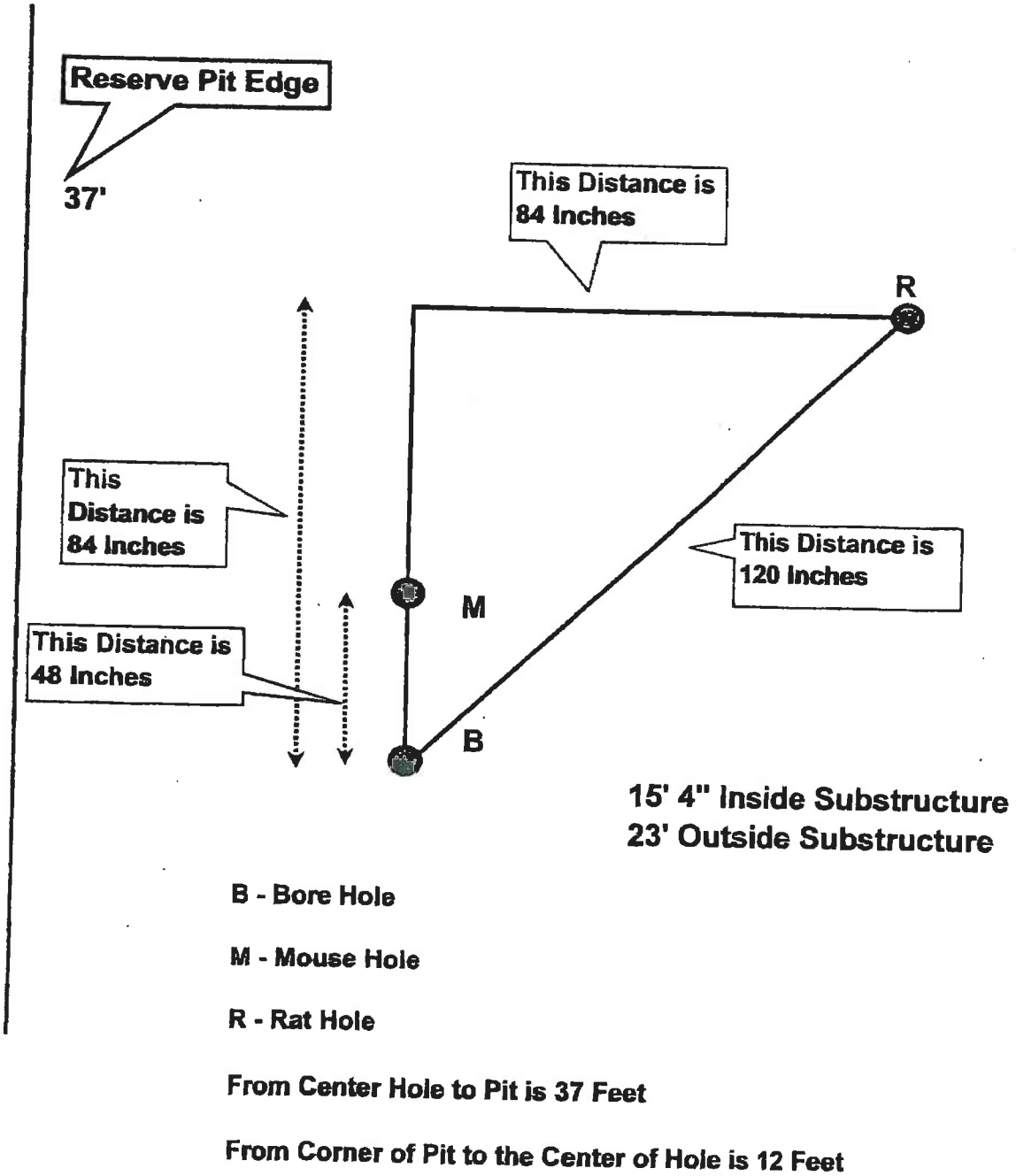
Last Updated  
JS  
2/3/2006

# Unit Drilling Company

Rocky Mountain Division



**RIG 138 LAYOUT**  
6/3/2008



**RIG 138 RAT HOLE**

6/3/2008

STATE OF WYOMING

DEPARTMENT OF ENVIRONMENTAL QUALITY – LAND QUALITY DIVISION

UPDATE TO A NONCOAL NOTIFICATION TO EXPLORE BY DRILLING

This notification update and all attachments in duplicate (or in triplicate if Federal lands are involved), showing intent to explore for noncoal minerals by drilling is submitted in accordance with the provisions of the Land Quality NonCoal Rules and Regulations, Chapter 8 and accompanies the bond required by Chapter 8 Section 3. This notification update is submitted in accordance with the Cooperative Agreement between the State and the Bureau of Land Management (43 CFR 3809) if applicable by involvement of Federal locatable minerals. This form is to be used only for updating an existing Drilling Notification where the proposed exploratory activity will remain within the area previously authorized for exploration.

1. Drilling Notification Information

Drill Notification # 334DN

Project Name Lost Creek ISR

Update Number # 4

Update Name deep exploration hole

2. Discoverer Information

Name: Lost Creek ISR, LLC

Address: 5880 Enterprise Drive Suite 200, Casper, WY 82609

Contact Person: John Cash

Telephone # (307) 265-2373

3. Location

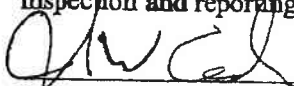
Provide a map that clearly illustrates the location of the proposed activity. The map must be oriented, contain a scale, and identify area using the Public Land Survey System (Township, Range, and Section).

4. Reclamation Cost Estimate

Provide a separate, detailed bond estimate for this Update and submit as an Attachment to this Form. Once a bond estimate for this Update has been developed, prepare a cumulative Reclamation Performance Bond estimate using the table below. Tabulate each permit action (original DN, Amendment(s), prior update(s), and this request) as an individual line item and identify the most recent WDEQ/LQD bond approval date.

Description	Bond Approval Date	Quantity (# of holes)	Bond Amount
Original Form 9DN Activity (2005)	4-11-08	14	\$1,200
Update 1 (2006)	4-11-08	12	\$1,200
Update 2 (2007)	4-11-08	195	\$4,000
Update 3 (2008)	4-11-08	451	\$748,664
Update 4 (July 2008)	Pending	deep well	\$139,636
Wells	various (n/a)	60 wells	\$194,100
<b>Total</b>			<b>\$1,088,800</b>

5. All stipulations cited in the original Form 9DN are in effect concerning disposal of hazardous material, site inspection and reporting requirements.

  
 Applicant Signature  
John W. Cash  
 Manager EHS and Reg. Affairs  
 Applicant Name and Title

8/4/2008  
 Date

Approval and Date

# 334DN Update 4; Bond Status

## 2005 Drilling 334DN (Original DN)

Description	Unit cost (cost/hole)	Total
14 holes (reveg)	\$11/hole	\$154.00
33% of one-time mob/demob cost (\$2,500):		\$833.33
Subtotal:		\$987.33
BLM contingency (22%):		\$217.21
Total:		\$1,204.55
Bond for 2005 rounded to nearest \$100		\$1,200

## 2007 Drilling 334DN (Update 2)

Description	Unit cost (cost/hole)	Total
195 holes (reveg)	\$11/hole	\$2,145.00
30 holes (capping)	\$7.50/hole	\$225.00
Subtotal:		\$2,370.00
33% of one-time mob/demob cost (\$2,500):		\$833.33
Subtotal:		\$3,203.33
BLM contingency (22%):		\$704.73
Total:		\$3,908.07
Bond for 2007 rounded to nearest \$100		\$4,000

## 2008 Drilling 334DN (Update 4)

Description	Unit cost (cost/hole)	Total
P & A Deep Well	\$105,785	\$105,785
Subtotal:		\$105,785
BLM & fuel contingency (32%):		\$33,851
Total:		\$139,636

## 2006 Drilling 334DN (Update 1)

Description	Unit cost (cost/hole)	Total
12 holes (reveg)	\$11/hole	\$132.00
33% of one-time mob/demob cost (\$2,500):		\$833.33
Subtotal:		\$965.33
BLM contingency (22%):		\$212.37
Total:		\$1,177.71
Bond for 2005 rounded to nearest \$100		\$1,200

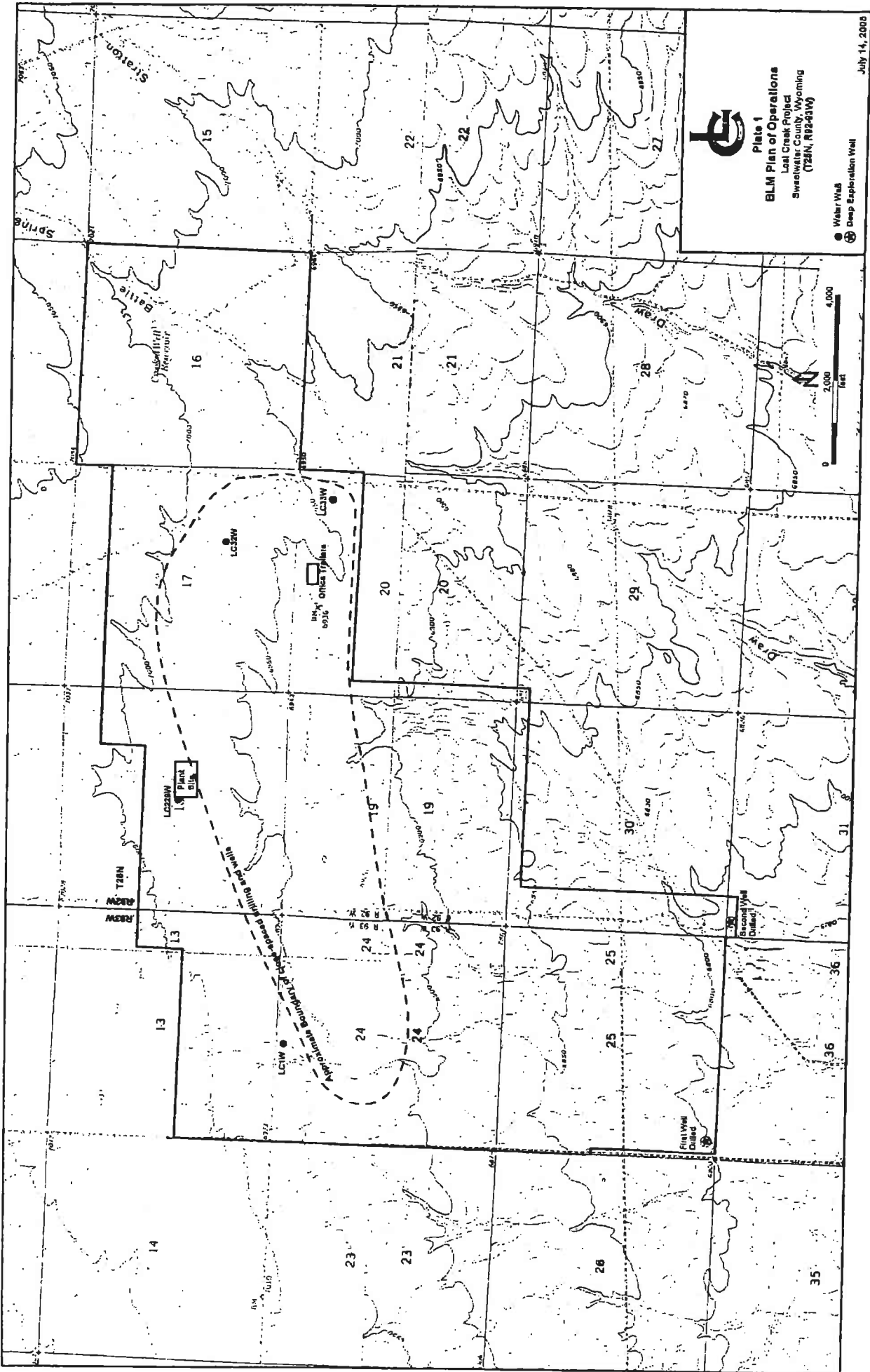
## 2008 Drilling 334DN (Update 3)

Description	Unit cost (cost/hole)	Total
P & A 100 Boreholes	\$62.50/ site + \$6.28/foot	\$445,850
P & A 51 Wells(1)	\$40/site + \$4/foot	\$108,320
Existing Roads	\$1,000/acre	\$13,000
Subtotal:		\$567,170
BLM & fuel contingency (32%):		\$181,494
Total:		\$748,664

(1) Number of planned wells reduced from 85 to 51

## Bond Calculation for wells in 334DN project

Description	Unit cost (cost/hole)	Total
78	* Lump sum	\$156,575.00
	One time mob/demob cost:	\$2,500.00
	Subtotal:	159,075.00
	BLM contingency (22%):	\$34,996.50
	Total:	\$194,071.50
Bond for wells rounded to nearest \$100		\$194,100



**Plate 1**  
**BLM Plan of Operations**  
 Lost Creek Project  
 Sweetwater County, Wyoming  
 (TZ6N, R22E43W)

● Water Well  
 ⊕ Deep Exploration Well



July 14, 2005