

January 8, 2013

Mr. Russ Means Environmental Protection Specialist Division of Reclamation, Mining and Safety 101 South 3rd, Suite 301 Grand Junction, CO 81501

Dear Mr. Means:

Transmittal
Notice of Intent to Conduct Prospecting
Centennial Project, Weld County, Colorado

Powertech (USA) Inc. (Powertech) is pleased to submit this Activity Report to document finalization of activities associated with Modification No. 2 to Notice of Intent (NOI) to Conduct Prospecting No. P-2007-015, for the Centennial Project in Weld County, Colorado. This second modification was submitted to DRMS on September 12, 2012.

As described in this NOI, the proposed prospecting activities consisted of plugging and abandoning four 2-inch, pump test wells. The locations of these pump test wells are shown in Attachment A. Attachment B is the Well Plugging Procedure used in this activity. This procedure has been reviewed by Lloyd Nolan, Chief Well Inspector for the State Engineer's Office and found to acceptable as meeting the standards of their *Rule 16* - *Standards for Plugging, Sealing, and Abandoning Wells and Boreholes*. Attachment C contains photographs and descriptions of abandonment activities. Attachment D contains copies of the four Well Abandonment Reports submitted to the State Engineer's Office.

ACTIVITY REPORT

On November 6 and 7, 2012, Powertech plugged and abandoned four 2-inch pump test wells located on the Centennial Project (Attachment A). These wells were completed in the Laramie-Fox Hills Aquifer, were not sampled as part of the project's environmental baseline and were of no further use to the project. On site during this abandonment process were 1) James A. Bonner – Powertech, 2) Frank Lichnovsky – Chief Geologist, Powertech and 3) Steve Long – contract equipment operator from Ft. Collins, CO. Plugging procedures, as documented in the Well Plugging Procedure (Attachment B) were followed during this abandonment process.

Plugging and Abandoning Activties

- 1. Each pump test well had a cement pad at the surface which surrouded the well head. Each of these surface pads were approximately 36 inches in diameter and 4-6 inches thick. The first step in the abandonment process was to break up this cement pad using a sledge hammer. The cement pieces were then picked up and disposed.
- 2. A backhoe was then used to excavate the ground surrounding the well head to a depth of 30-36 inches. Care was taken to segregate and stockpile topsoil separately from the overburden material (Attachment C).
- 3. The 2-inch PVC casing of each pump test well was cut off 24 inches below the ground surface (Attachment C).
- 4. Two 50-pound bags of Colorado Silica Sand were gravity fed into the top of the casing of each well to be abandoned. This sand covered the screened portions at the bottom of each well.
- 5. 50-pound bags of 3/8-inch, graded sodium bentonite particles were gravity fed into the casing of each well to seal the interior casing volume. This specially-designed plugging bentonite material has a brand name of HOLEPLUG and is distributed by Baroid. This material was gravity fed into the top of the casing using a ¼-inch screen, to minimize fines from entering the casing and to help ensure no "bridging" occurs within the casing (Attachment C). Specific amounts of bentonite required to fill the casing of each well follows:

<u>Section 33, T10N, R67W</u>

Well No. IS-003-Tc	12 bags of HOLEPLUG
Well No. IS-003-Td	12 bags of HOLEPLUG

Section 9, T9N, R67W

Well No. IS-009-Tc	12 bags of HOLEPLUG
Well No. IS-009-Td	11 bags of HOLEPLUG

- 6. Once the casing was filled with bentonite, a PVC cap was glued to the top of the casing. This permanent seal will prevent surface water from entering the casing (Attachment C).
- 7. Prior to backfilling each excavation, a metal plate containing the Colorado Division of Water Resources permit number was placed on each well cap.
- 8. A frontend loader was used to backfill each excavation site. Overburden material was backfilled first, followed by topsoil (Attachment C).
- 9. Each site was also contoured to fit existing topography. There had been no fluids in the excavation areas so no settling time was required (Attachment C).
- 10. A grass seed mixture, as specified in the NOI, was purchased from Pawnee Buttes Seed, Inc. in Greeley, CO. This seed was broadcast over the disturbed areas and

- raked into the soil. A straw mulch was then spread over the re-seeded area to protect the seeds and help retain moisture (Attachment C).
- 11. On 12/31/2012, Well Completion Reports were completed for each of the four pump test wells that were abandoned and submitted to the Division of Water Resources (Attachment D).

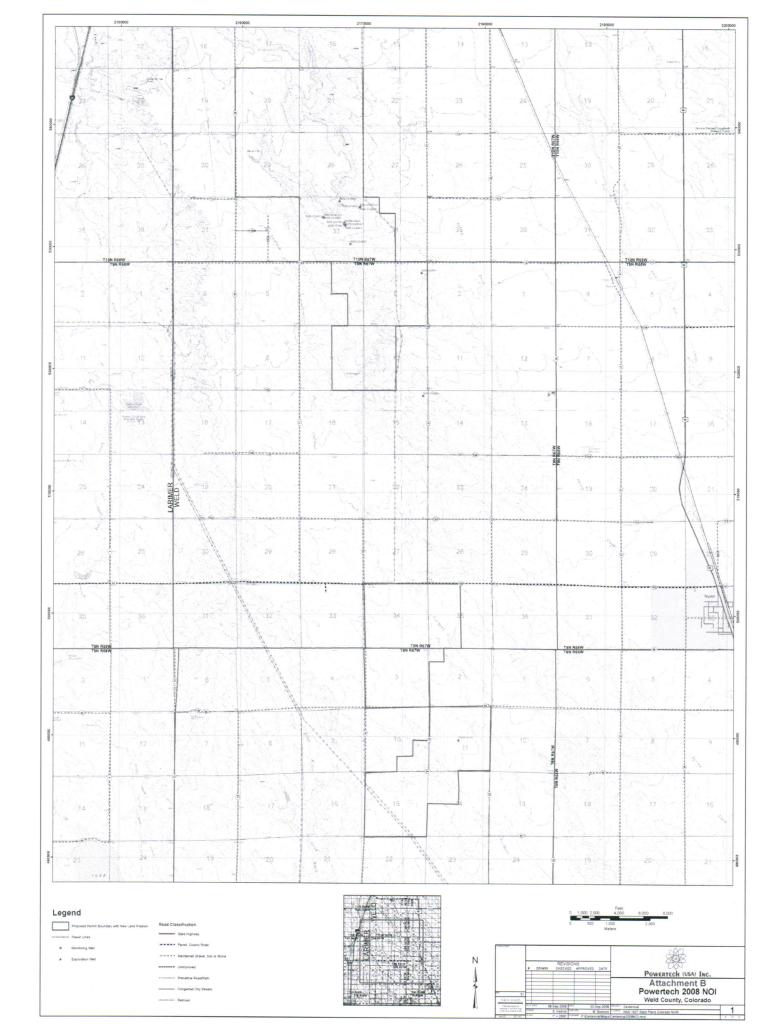
If I can provided any additional information regarding the plugging and abandonment of these four 2-inch pump test wells, please contact me at (505) 821-6007.

Sincerely,

James A. Bonner

Vice President - Exploration

ATTACHMENT A Location Map



ATTACHMENT B

Well Plugging Procedure

WELL PLUGGING PROCEDURE CENTENNIAL PROJECT WELD COUNTY, COLORADO

Powertech (USA) Inc. (Powertech) has drilled and completed 34 water wells for the purpose of monitoring groundwater within its Centennial Project in Weld County, Colorado. These water wells range in depth from 120 feet below ground surface (bgs) to 640 feet bgs. All wells are completed within the Laramie – Fox Hills Aquifer.

This detailed Plugging Procedure is based on the Colorado Division of Water Resources, Rule 16 - Standards for Plugging, Sealing, and Abandoning Wells and Boreholes. All Powertech wells have PVC casing installed, with the annular space of each well (outside of the casing) filled with cement grout from the screened interval to the surface. All wells are currently permitted with State of Colorado, Office of the State Engineer. All actions taken in the field associated with this proposed Plugging Procedure will be documented and recorded on the Well Abandonment Report (attached to this procedure) and submitted to the State of Colorado, Office of the State Engineer.

<u>Step 1</u> Before initiating any work on a well, a well probe will be used to confirm and establish the depth of the well. This actual depth will be recorded on the **Well Abandonment Report**.

Step 2 There is a rectangular cement pad (approximately 24-inches by 24-inches) on the surface, surrounding each water well. This pad is a minimum of 6 inches thick and embedded in the pad is a 2-3-foot tall, locking metal cover to protect the well casing. The cement pad will be broken, excavated and hauled to a regulated disposal facility. The metal protective cover will removed and stored by Powertech for future use.

<u>Step 3</u> Once the pad has been removed, the top of the casing for each well will be cut off twenty-four (24) inches bgs so that it will not interfere with the anticipated use of the land. A small area will have to be excavated in order to expose the casing to a depth of twenty-four (24) inches. Soil from each excavation will be placed in two stockpiles – one for top soil and one for overburden.

Step 4 The bottom portion of the well casing, to include the screened interval, will be filled with 20-40 Silica Sand. This Silica Sand will be poured in from the top of the casing. There are no obstructions within the well and due to the smooth surface of the PVC casing, the sand, through the forces of gravity, will easily flow to the bottom of the well. Depending on the length of the screened interval, the thickness of the column of 20-40 Silica Sand to be emplaced in the bottom of the wells will vary from 40 to 60 feet.

Based on the inner diameter (ID) of the well casing, the volume of 20-40 Silica Sand emplaced in the casing of each well will be calculated and recorded on the Well

Abandonment Report. The use of 20-40 Silica Sand for this purpose is consistent with the standards for plugging materials as described in Rule 16.2. A product description and an MSDS Sheet for 20-40 Silica Sand is attached to this proposed Plugging Procedure.

Step 5 The remainder of the casing, above the sand-filled portion, will be filled to the top with HOLEPLUG, a size-graded, sodium-bentonite clay plugging material, distributed by Baroid. These bentonite chips will be poured in from the top of the casing. As described above, the lack of obstructions and the smooth wall of the casing will allow for gravity feed of this material to the bottom of the hole. HOLEPLUG will fall through a standing column of water in the casing and reach the bottom with delayed hydration. The bulk density of these bentonite chips ranges from 68.8-71.8 lbs/ft³, compared to a bulk density of 62.4 lbs/ft³ for water. Once hydration occurs, the swelling capability of sodium-bentonite forms a permanent, flexible down-hole seal to prevent migration of fluids within the casing.

The HOLEPLUG is available in 3/8-inch and 3/4-inch sizes. The 3/4-inch material will be emplaced in casing with diameters of 5-inches or greater. 3/8-inch HOLEPLUG will be emplaced in casing with diameters of less than 5-inches. Even though these bentonite chips are size-graded, due to shipping and handling, a small amount of fine bentonite particles may be present. For this reason, the bentonite chips will be poured over a screen with ½-inch (6.4 mm) openings to "sift out" any smaller particles to prevent possible "bridging". In addition to the use of a screen, to ensure free flow of bentonite chips to the bottom of the casing, the bentonite chips will be poured into casing at a slow rate of two minutes per 50-lb (22.7 kg) bag.

Based on the inner diameter (ID) of the well casing, the volume of HOLEPLUG emplaced in the casing of each well will be calculated and recorded on the **Well Abandonment Report**. The use of HOLEPLUG for this purpose is consistent with the standards for plugging materials as described in Rule 16.2. A product description and an MSDS Sheet for HOLEPLUG are attached to this proposed Plugging Procedure.

<u>Step 6</u> A PVC Cap will be glued to the top of casing. This cap, in addition to the sodium-bentonite chips, will act as a permanent watertight cover to prevent surface water from entering the casing, consistent with Rule 16.2.

Step 7 The excavated area surrounding the cut-off casing will be backfilled from the soil stockpiles – overburden first and top soil last. During this process, a metal plate with the well number and the State Engineer's permit number will be placed on top of the PVC cap. This will enable the abandoned well to be located at any time in the future.

Step 8 Once the backfilling process is completed, the excavation area will be contoured and re-seeded, using the seed mixture and methodology described in the Notice of Intent to Conduct Prospecting

Form No. GWS-09 4/2012 STATE OF COLORADO, OFFICE 821 Centennial Bldg., 1313 Sherma (303) 866-3581 Fax (303) 866-358	ın St., Denver, CO 80203	For Offi	ce Use Only	
WELL ABANDONM Use to report plugging and sealing of permitted wells, mor computer generated, typed or printed in black or blue ink. reverse side of form.	nitoring and other holes. This form can be			
Well Permit Number of the well being plu MH File Number MH Hole II				
Individual/Company responsible for plugging a	and sealing the well:			
Name(s)		-		
Mailing Address				
City, St., Zip				
Phone (area code & no.) En	nail:			
Well (Hole) Owner:				
NAME(S)	Phone (inclu	de area code	e)	
Mailing Address, City, St., Zip				
ACTUAL WELL LOCATION: County Property Address, City, St, Zip				
1/4 of the 1/4, Sec, Twp	□ N. or □ S., Range □ E	E. or 🔲 W	'-,	_ P.M.
Distance from Section Lines Ft. from _] N. or	or 🔲 W. Lir	ne.	
Subdivision NameOptional: GPS well location information in UTM form Format must be UTM, zone 12 or zone 13	nat. You must check GPS unit for required s	settings as fo	llows:	e north.
Easting Northing				
I (we) report the existing well (hole) was plugged ar The well was plugged and sealed as required ur	nder Well Permit Number		for the following re	ason(s):
☐ The well was not in use and was plugged and se ☐ Other (please explain)				
The well was plugged with the following materials p Amount and Type of Material	laced at the indicated intervals: Method of Placement		Interval	
••		from	feet to	feet
			feet to	
			feet to	
Intervals of casing removed/ripped in feet			feet to	
Report <u>must</u> be signed or name entered by person not reachable. I (we) have read the statements ma				
Sign or enter full name	If signing print name & title		Date (mm/dd/yy	ууу)

ATTACHMENT C

Photos and Description of Activities

Photo 1 (below): The soil and overburden, adjacent to monitoring wells to be abandoned in Section 9, T9N, R67W, were excavated. Well IS-009-Tc is shown in this photo.





Photo 2 (above): Excavation of soils and overburden, to a depth of approximately 30 inches, was performed adjacent to monitoring wells to be abandoned in Section 33, T10N, R67W. Note topsoil stockpile. Well IS-003-Tc is shown in this photo.

Photo 3 (below): The 2-inch PVC casing, for each monitoring well to be abandoned, was cut off 24 inches below ground surface.





Photo 4 (above): After placing Colorado Silica Sand in the bottom, screened portion of the monitoring wells, 3/8" sodium bentonite chips were gravity fed into the casing. This bentonite plug extends to the surface. Note the use of a 1/4" screen, to minimize fines from entering the casing.



Photo 5 (above): After sand and bentonite was placed into the casing, a PVC cap was glued to the top of the casing to prevent entry of surface fluids into the casing.

Photo 7 (right): After backfilling was completed on wells in Section 9, equipment was used to re-contour the surface. As shown in this photo, the ground where monitoring wells IS-009-Tc and IS-009-Td were located, conforms well to the surrounding topography.



Photo 6 (below): Following the plugging and capping of the casing of the monitoring wells, all excavated areas were backfilled. Overburden was backfilled first, followed by topsoil on the surface. Well IS-003-Tc is shown in this photo.

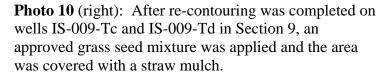




Photo 8 (left): After backfilling was completed on wells in Section 33, equipment was used to re-contour the surface. As shown in this photo, the ground where monitoring wells IS-003-Td and IS-003-Tc were located, conforms well to the surrounding topography.



Photo 9 (left): After re-contouring was completed on wells IS-003-Td and IS-003-Tc in Section 33, an approved grass seed mixture was applied and the area was covered with a straw mulch.





ATTACHMENT D

Well Completion Reports

Form No. GWS-09 4/2012	STATE OF COLORADO, OFFICE OF 821 Centennial Bldg., 1313 Sherman St (303) 866-3581 Fax (303) 866-3589 d	., Denver, CO 80203	For Office Use Only
Use to repo	WELL ABANDONMEN ort plugging and sealing of permitted wells, monitoring penerated, typed or printed in black or blue ink. Instructe of form.	g and other holes. This form can be	
	rmit Number of the well being plugge Number MH Hole ID #/		
Individua	al/Company responsible for plugging and s	sealing the well:	
Name(s)	Powertech (USA) Inc.		
Mailing A	ddress 5575 DTC Parkway, Suite 140		
City, St.,	Zip Greenwood Village, CO 80111		
Phone (a	rea code & no.) <u>(303) 790-7528</u> Email:_	jbonner@powertechuranium.com	
Well (Ho	ole) Owner:		
NAME(S)	Powertech (USA) Inc.	Phone (include	e area code)
Mailing A	ddress, City, St., Zip <u>5575 DTC Parkway,</u>	Suite 140, Greenwood Village, CO 8	0111
Property	WELL LOCATION: County Weld Address, City, St, Zip of the NE 1/4, Sec. 33, Twp. 10		or 🗷 W 6th P.M.
	from Section Lines 2548 Ft. from N.		
Optional: Format m	on Name	You must check GPS unit for required se Units must be meters; Datum must be N	ettings as follows:
	port the existing well (hole) was plugged and se		for the following reason(s):
	vell was plugged and sealed as required under		
■ The w	vell was not in use and was plugged and sealed	d.	
☐ Other	(please explain)		
	was plugged with the following materials place t and Type of Material	d at the indicated intervals: Method of Placement	Interval from feet to feet
2 hage	Colorado Silica Sand	Gravity feed from top of casing	from <u>455</u> feet to <u>495</u> feet
			from2 feet to455 feet
	s Holeplug (3/8" sodium bentonite chips) s of casing removed/ripped in feet	Gravity reed from top or casing	from 0 feet to 2 feet
Report m	nust be signed or name entered by person who hable. I (we) have read the statements made h	performed the well plugging work or by the lerein, know the contents thereof, and that	ne well owner if this person is unknown or it they are true to my (our) knowledge.
Sign or e	enter full name	f signing print name & title	Date (mm/dd/yyyyy)
	A B	James A. Bonn Vice President - Expl	viation 12/31/2012

Form No. GWS-09 4/2012	STATE OF COLORADO, OFFICE O 821 Centennial Bldg., 1313 Sherman S (303) 866-3581 Fax (303) 866-3589	t., Denver, CO 80203	For Office Use Only
Use to repo computer g reverse sid	WELL ABANDONMEN ort plugging and sealing of permitted wells, monitori generated, typed or printed in black or blue ink. Inst e of form.	ng and other holes. This form can be	
	rmit Number of the well being plugge Number MH Hole ID #		
Individua	al/Company responsible for plugging and	sealing the well:	
Name(s)	Powertech (USA) Inc.		
Mailing A	ddress 5575 DTC Parkway, Suite 140		
City, St., 2	Zip Greenwood Village, CO 80111		
Phone (a	rea code & no.) <u>(303) 790-7528</u> Email:	jbonner@powertechuranium.com	
Well (Ho	le) Owner:		
NAME(S)	Powertech (USA) Inc.	Phone (include	e area code)
Mailing A	ddress, City, St., Zip <u>5575 DTC Parkway,</u>	Suite 140, Greenwood Village, CO 8	0111
Property	WELL LOCATION: County Weld Address, City, St, Zip of the NE 1/4, Sec. 33, Twp. 10		or 🗷 W., 6th P.M.
	from Section Lines 2538 Ft. from N		
Subdivision Optional:	GPS well location information in UTM format. sust be UTM, zone 12 or zone 13 states 509137 Northing 45155	Lot, Block, Fili You must check GPS unit for required se ; Units must be meters; Datum must be N	ing/Unit ettings as follows:
I (we) rep	ort the existing well (hole) was plugged and s	ealed on the date of 11/06/2012	for the following reason(s):
	ell was plugged and sealed as required under		
■ The w	ell was not in use and was plugged and seale	ed.	
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	was plugged with the following materials place and Type of Material	ed at the indicated intervals: Method of Placement	Interval from feet to feet
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	Colorado Silica Sand	Gravity feed from top of casing	from2 feet to455 feet
	s Holeplug (3/8" sodium bentonite chips)	Gravity feed from top of casing	from 0 feet to 2 feet
	s of casing removed/ripped in feet		
Report m	ust be signed or name entered by person whable. I (we) have read the statements made	o performed the well plugging work or by the herein, know the contents thereof, and that	ne well owner if this person is unknown or they are true to my (our) knowledge.
Sign or e	nter full name	If signing print name & title	Date (mm/dd/yyyyy)
	a Bone	If signing print name & title James A. Bonn Vice President-Expl	bratin 12/31/2012

Form No. GWS-09 4/2012	STATE OF COLORADO, OFFICE O 821 Centennial Bldg., 1313 Sherman S (303) 866-3581 Fax (303) 866-3589	St., Denver, CO 80203	For Office Use Only
Use to repo computer g reverse sid	WELL ABANDONMEN ort plugging and sealing of permitted wells, monitor enerated, typed or printed in black or blue ink. Ins e of form.	ing and other holes. This form can be	
Well Per MH File	rmit Number of the well being plugg Number MH Hole ID #	edNo. 278897 or #/Name	
Individua	al/Company responsible for plugging and	sealing the well:	
Name(s)	Powertech (USA) Inc.		
Mailing A	ddress5575 DTC Parkway, Suite 140		
City, St., 2	Zip Greenwood Village, CO 80111		
Phone (ar	rea code & no.) <u>(303) 790-7528</u> Email	jbonner@powertechuranium.com	
Well (Ho	le) Owner:		
NAME(S)	Powertech (USA) Inc.	Phone (include	e area code)
Mailing A	ddress, City, St., Zip <u>5575 DTC Parkway</u>	, Suite 140, Greenwood Village, CO 8	0111
	WELL LOCATION: County Weld Address, City, St, Zip		
	of the <u>SE</u> 1/4, Sec. <u>9</u> , Twp. <u>9</u>		or 🗷 W., 6th P.M.
	from Section Lines 2214 Ft. from T		
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	ell was not in use and was plugged and seale		
	(please explain)		
The well	was plugged with the following materials place and Type of Material	eed at the indicated intervals: Method of Placement	Interval
-			from feet to feet
2 bags	Colorado Silica Sand	Gravity feed from top of casing	from 457 feet to 497 feet
12 bag	s Holeplug (3/8" sodium bentonite chips)	Gravity feed from top of casing	from 2 feet to 457 feet
Interval	s of casing removed/ripped in feet		from0feet to2feet
Report m	ust be signed or name entered by person whable. I (we) have read the statements made	no performed the well plugging work or by the herein, know the contents thereof, and the	he well owner if this person is unknown or at they are true to my (our) knowledge.
Sign or e	nter full name	If signing print name & title	Date (mm/dd/yyyyy)
	A Bome	Vice President - Expl	lankin 12/31/2012
THE R. P. LEWIS CO., LANSING, MICH.			

*			
GWS-09	STATE OF COLORADO, OFFICE O 821 Centennial Bldg., 1313 Sherman \$ (303) 866-3581 Fax (303) 866-3589	St., Denver, CO 80203	For Office Use Only
	WELL ABANDONMEN plugging and sealing of permitted wells, monitor iterated, typed or printed in black or blue ink. Insoff form.	ing and other holes. This form can be	
	nit Number of the well being plugg umber MH Hole ID #		er vilts derson
Individual/0	Company responsible for plugging and	sealing the well:	
Name(s)	Powertech (USA) Inc.		
Mailing Add	ress _ 5575 DTC Parkway, Suite 140		The The Tay The Control of the Contr
City, St., Zip	Greenwood Village, CO 80111		
Phone (area	a code & no.) (303) 790-7528 Email	jbonner@powertechuranium.com	
Well (Hole)	Owner:		
NAME(S)	Powertech (USA) Inc.	Phone (include	e area code)
Mailing Add	ress, City, St., Zip <u>5575 DTC Parkway</u> ,	Suite 140, Greenwood Village, CO 8	0111
ACTUAL W	ELL LOCATION: County Weld		
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NE_1/4 of	the_ <u>SE</u> 1/4, Sec. <u>9,</u> Twp. <u>9</u>	■ N. or □ S., Range <u>67</u> □ E.	or 🗷 W., <u>6th</u> P.M.
Distance fro	m Section Lines 2197 Ft. from N	. or 🕱 S., <u>547</u> Ft. from ☒E. or	☐ W. Line.
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	t be UTM, zone 12 \square or zone 13 \square 9393 Northing 45122		IAD83; Unit must be set to true north.
	the existing well (hole) was plugged and s		for the following reason(s):
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	ease explain)		
	s plugged with the following materials place nd Type of Material	ed at the indicated intervals: Method of Placement	Interval
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2 bags Co	olorado Silica Sand	Gravity feed from top of casing	from <u>437</u> feet to <u>477</u> feet
11 bags H	Holeplug (3/8" sodium bentonite chips)	Gravity feed from top of casing	from 2 feet to 437 feet
	of casing removed/ripped in feet		from 0 feet to 2 feet
	t be signed or name entered by person who le. I (we) have read the statements made		
Sign or ente	r full name	f signing print name & title	Date (mm/dd/yyyyy)
		James A. Bonner	1 12/3//2012
2,500		Une President - Explos	1 12/3//2012