



Smith Ranch - Highland
Uranium Project
P. O. Box 1210
Glenrock, Wyoming USA 82637
Casper: 307-235-1628
Douglas: 307-358-6541
Fax: 307-358-4533

January 16, 2003

Mr. John Wagner, Cheyenne Office Program Manager
Land Quality Division
Wyoming Department of Environmental Quality
Herschler Building
122 West 25th Street
Cheyenne, WY 82002

40-8964

RE: Permit to Mine 633
In Situ Uranium Wellfield Release Report
3-5 Area

Dear Mr. Wagner:

As reported to Mr. Steve Ingle of your Staff by Mr. Scott Bakken of Power Resources, Inc. (PRI) on January 14, 2003, PRI had a release of wellfield production fluid at the Smith Ranch Project in Converse County, Wyoming. The release resulted from the failure of a crimp ring on a premanufactured hose at a production well in Wellfield No. 3. The release occurred on January 11, 2003 and consisted of natural ground water to which oxygen and carbon dioxide had been added for the purpose of recovering natural uranium. This water typically contains concentrations above background of uranium, radium, and selenium. The released fluid is not considered a hazardous material under RCRA, nor is it reportable under SARA.

In accordance with Chapter IV, Section 4(a)(iv) of the Water Quality Division Rules and Regulations, attached please find a report describing the release and the steps taken to prevent a recurrence.

If you have any questions, or need additional information, please call me at (307)358-6541 (ext. 62).

Sincerely,

W.F. Kearney
Manager-Health, Safety
& Environmental Affairs
WFK/ksj

cc: S.P. Collings, R. Knode, M.D. Bryson, S.A. Bakken, File SR-4.4.1.1
Mr. Dan Gillen, Chief FCLB, USNRC
Mr. Charles Cain, USNRC Region IV



40-8964 N1M5801

ATTACHMENT

POWER RESOURCES, INC. SMITH RANCH – HIGHLAND URANIUM PROJECT URANIUM IN SITU WELLFIELD FLUID RELEASE REPORT

FAILURE OF A PREMANUFACTURED HOSE AT WELL 3P-97

A. DESCRIPTION OF EVENT AND MITIGATIVE ACTIONS TAKEN

At approximately 7:00 am on January 11, 2003 a Satellite Operator discovered fluid leaking from Well 3P-97 in Wellfield No. 3. The well was immediately shut-in and the source of the leak investigated. It was determined that a CRIMP RING ON A premanufactured hose had failed and allowed the release of production fluid. The well was repaired using a new hose and put back into service.

The release occurred in the NE ¼, SW ¼, Section 26, T36N, R74W and affected approximately 0.1 acres. The released fluid flowed into a dry draw, but did NOT exit the fenced wellfield area. Approximately 1,380 gallons of production fluid were released. The fluid soaked into the ground before it could be recovered. The production fluid contained approximately 20 mg/L of natural uranium. The attached map shows the location and extent of the spill.

B. CAUSE OF THE RELEASE AND STEPS TAKEN TO PREVENT A RECURRENCE

Cause

The spill resulted from the failure of a crimp ring on the end of a premanufactured hose at a production wellhead. An investigation revealed that the hose was similar to ones that had been replaced at the Highland Uranium Project several years ago due to failure of the crimp rings.

Recurrence Prevention

To prevent a recurrence of this type of spill, all hoses with similar style crimp rings that are still in service at the Smith Ranch Project will be replaced by hoses that have banded end connections. Over the past several years, PRI has observed a notable decrease in spills associated with premanufactured hoses at the Highland Uranium Project after the hoses with this style crimp rings were replaced.



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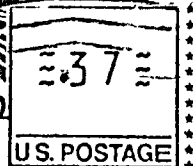
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