POWER RESOURCES

Smith Ranch - Highland
Uranium Project
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October 28, 2003

Mr. Lowell Spackman, Acting District 1 Supervisor
Land Quality Division
Wyoming Department of Environmental Quality
Herschler Building
122 West 25th Street
Cheyenne, WY 82002

RE: Permit to Mine No. 603
In Situ Uranium Wellfield Release Report

Dear Mr. Spackman:

As reported via email to Mr. Steve Ingle of the Land Quality Division and Mr. John Lusher, NRC Project Manager, on October 22, 2003, Power Resources, Inc. (PRI) had a release of Injection Fluids at the Highland Uranium Project in Converse County, Wyoming. The release was detected on October 20, 2003 at the Injection Well CI-28 in the C-Wellfield. The C-Wellfield is currently in Restoration. It appears that the release is the result of a near surface break in the well casing. PRI will further investigate the condition with an MIT and/or downhole camera, and if necessary surface excavation. The concentrations of uranium, selenium and radium in Injection Fluid are above background levels, however the fluid is not considered hazardous material under RCRA, and is not reportable under SARA.

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

Please call if you have any questions.
Sincerely,

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

WFK/js
Cc: John Lusher – NRC Project Manager R. Knode J. Schultz
M.D. Bryson File HUP 4.3.3.1 File 4.6.4.2 File 4.6.4.4

UMSS01

Attachment

Power Resources, Inc
Smith Ranch-Highland Uranium Project
URANIUM IN SITU WELLFIELD FLUID RELEASE REPORT

NEAR SURFACE BREAK IN CI-28 WELL CASING IN C-WELLFIELD

A. DESCRIPTION OF THE EVENT AND MITIGATIVE ACTIONS TAKEN

On October 20, 2003 at approximately 14:30 p.m., a sizable amount of fluid was discovered by personnel at Well CI-28 in the C-Wellfield. Investigation found that the fluid was leaking from Injection Well CI-28, located in the C-Wellfield. At this time, the well was immediately shut off. The cause of the leak is believed to be the result of a near surface break in the well casing.

The released fluid flowed from the wellhead and flooded the surrounding area. All of the released Injection Fluid was immediately absorbed into the ground. All released fluid remained within the fenced wellfield area and did not enter into any "Waters of the State."

The total amount of released Injection Fluid was estimated at 2800 gallons. It was not possible to retrieve any of the released fluid. The approximate uranium concentration of the released Injection Fluid was 1.5 mg/L. The release occurred in the SW ¼, NE ¼, Section 14, T36N, R72W and affected approximately 0.5 acres. The exact location and extent of the spill is shown on the attached map.

The entire area will be reevaluated during the decommissioning of the wellfield to ensure that applicable decommissioning standards for soils are met.

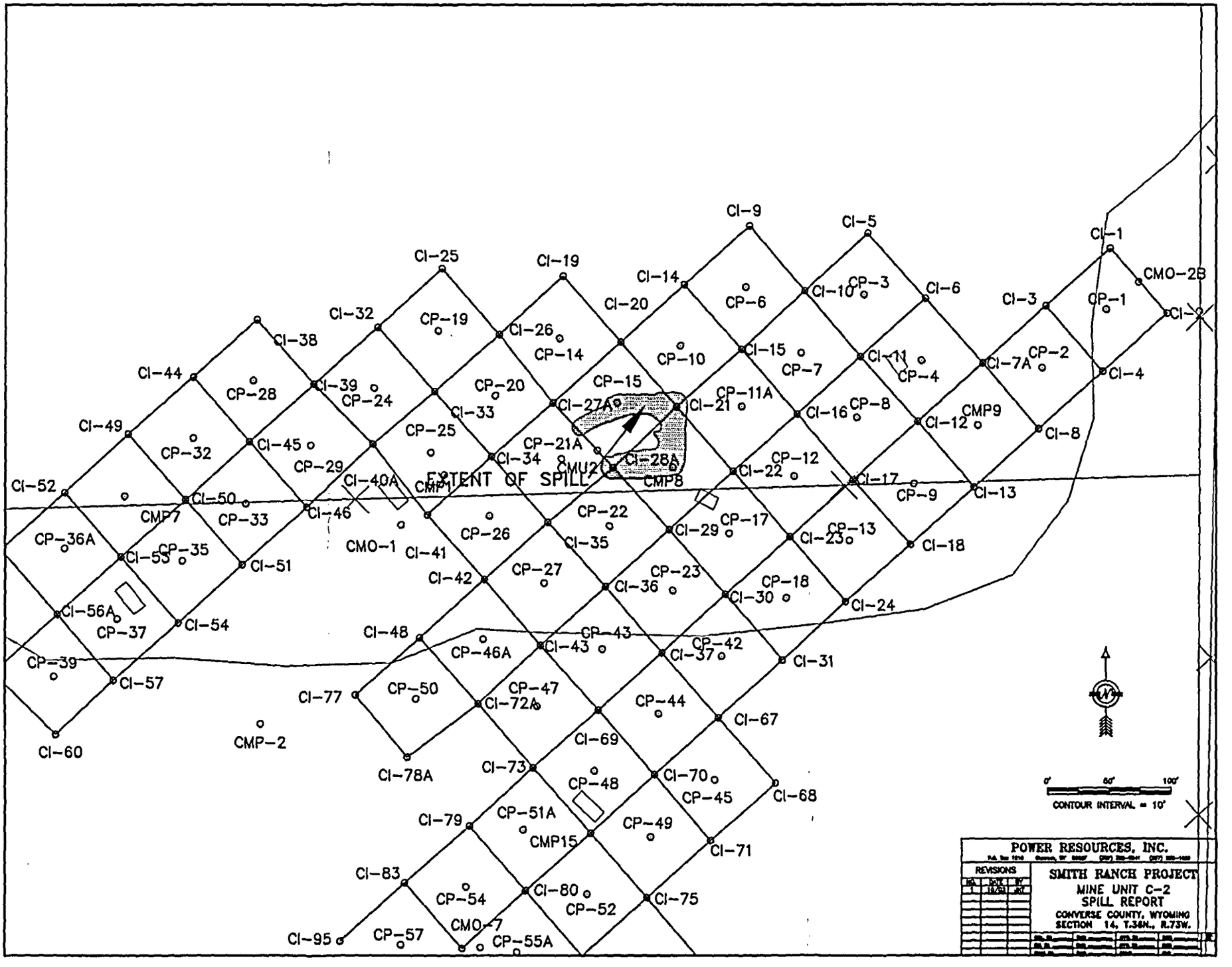
B. CAUSE OF THE RELEASE AND THE STEPS TAKEN TO PREVENT RECURRANCE

Cause

The cause of the release was likely due to a break in the well casing just below the surface of Injection Well CI-28. This type of failure was most probably due to structural failure of the casing or a joint.

Recurrence Prevention

Prevention of this type of release can only be prevented by regular scheduled MITs, which determine if a well is suitable for continued use. PRI has and continues to conduct regular scheduled MITs on every well it maintains and uses. Any well failing an MIT is either repaired or abandoned and plugged.


EXTENT OF SPILL
CI-1
CI-2
CI-3
CI-4
CI-5
CI-6
CI-7A
CI-8
CI-9
CI-10
CI-11
CI-12
CI-13
CI-14
CI-15
CI-16
CI-17
CI-18
CI-19
CI-20
CI-21
CI-22
CI-23
CI-24
CI-25
CI-26
CI-27A
CI-28A
CI-29
CI-30
CI-31
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CI-34
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CI-36
CI-37
CI-38
CI-39
CI-40A
CI-41
CI-42
CI-43
CI-44
CI-45
CI-46
CI-48
CI-49
CI-50
CI-51
CI-52
CI-53
CI-54
CI-56A
CI-57
CI-60
CI-67
CI-68
CI-69
CI-70
CI-71
CI-72A
CI-73
CI-75
CI-77
CI-78A
CI-79
CI-80
CI-83
CI-95
CMO-1
CMO-2B
CMO-7
CMP-2
CMP1
CMP7
CMP8
CMP9
CMP15
CMU2
CP-1
CP-2
CP-3
CP-4
CP-6
CP-7
CP-8
CP-9
CP-10
CP-11A
CP-12
CP-13
CP-14
CP-15
CP-17
CP-18
CP-19
CP-20
CP-21A
CP-22
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CP-32
CP-33
CP-35
CP-36A
CP-37
CP-39
CP-42
CP-43
CP-44
CP-45
CP-46A
CP-47
CP-48
CP-49
CP-50
CP-51A
CP-52
CP-54
CP-55A
CP-57
0'
50'
100'
CONTOUR INTERVAL = 10'
POWER RESOURCES, INC.
REVISIONS
SMITH RANCH PROJECT
MINE UNIT C-2
SPILL REPORT
CONVERSE COUNTY, WYOMING
SECTION 14, T.36N., R.73W.