

40-8964



Smith Ranch - Highland
Uranium Project
P. O. Box 1210
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May 7, 2004

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 May 4, 2004, Power Resources, Inc. (PRI) had a release of Production Fluid at the Smith Ranch Uranium Project in Converse County, Wyoming. The release was detected on May 3, 2004 in Mine Unit 4 at the valve station that connects Headerhouse 4-9 to the main pipeline. The release of fluid resulted from a failure of a steel fitting on the production line. The concentrations of uranium, selenium and radium in Production 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,

Ken Milmine for W.F. Kearney

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

WFK/klm

Cc: John Lusher - NRC Project Manager
M.D. Bryson
File 4.3.3.1
File 4.6.4.2
File 4.6.4.4



HMSS01

Attachment

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

PIPELINE FITTING FAILURE HEADERHOUSE 4-9 VALVE STATION

A. DESCRIPTION OF THE EVENT AND MITIGATIVE ACTIONS TAKEN

On May 3, 2004 at approximately 2:20 p.m., personnel discovered a Production Fluid leak inside Mine Unit 4 near Headerhouse 4-9. The release occurred when a steel fitting on the production line failed at the valve station that connects the headerhouse to the main trunk line. The main line was immediately shut down and repairs were completed.

The valve station consists of a large culvert placed vertically in the ground around the pipeline with an entrance on the top. Most of the spill was contained in the culvert. However, an estimated 800 to 1000 gallons of Production Fluid overflowed on to the ground. The released fluid flowed approximately 200 feet where it then soaked into the ground. It was not possible to recover any of the fluid released from the culvert before it was absorbed. However, the fluid that remained contained in the culvert was recovered. The valve station is located near an ephemeral drainage, but none of the released fluid entered this drainage. No adverse impacts are expected due to the small quantity of fluid involved and the small extent of the spill.

The approximate uranium concentration of the Production Fluid was 11.1 mg/l. The entire area will be reevaluated during the decommissioning of the wellfield to ensure that applicable decommissioning standards for soils are met.

The release occurred in the SE ¼, SW ¼, Section 35, T36N, R74W and affected approximately 0.01 acres. The exact location and extent of the spill is shown on the attached map.

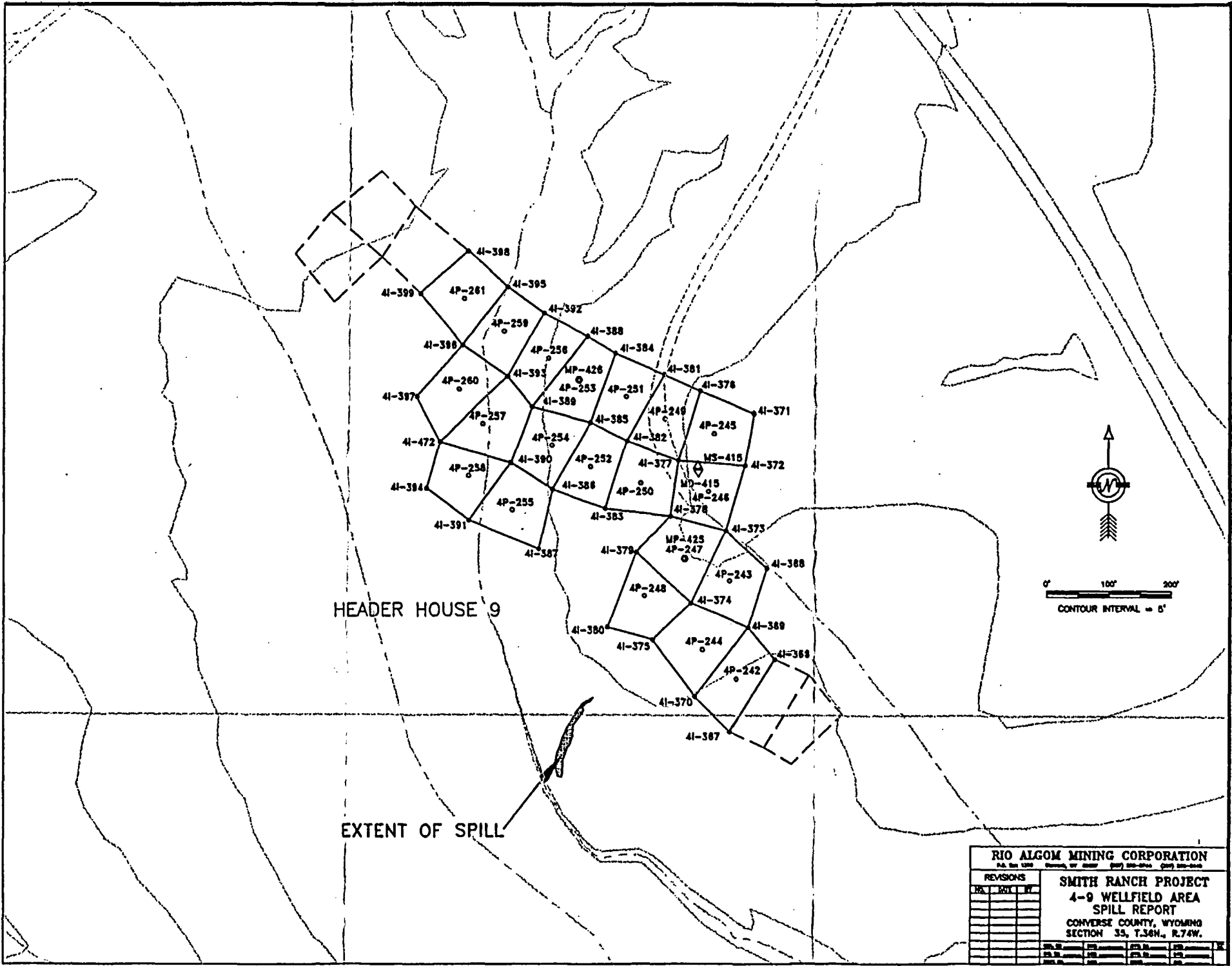
B. CAUSE OF THE RELEASE AND THE STEPS TAKEN TO PREVENT RECCURANCE

Cause

The release occurred when a steel fitting on the production line inside the valve station failed. Investigation showed that the cause of the failure was due to rusting of the fitting.

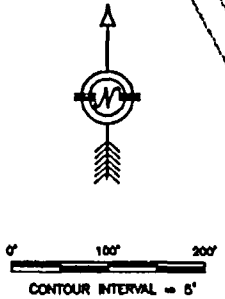
Recurrence Prevention

The fitting was replaced and the pipeline was placed back into service. Repairs were also made to other areas where this type of fitting was in place.



HEADER HOUSE 9

EXTENT OF SPILL



RIO ALGOM MINING CORPORATION			
P.O. Box 1390 Converse, WY 82424 (307) 326-8744 (307) 326-8245			
REVISIONS		SMITH RANCH PROJECT	
NO.	DATE	BY	

**4-9 WELLFIELD AREA
SPILL REPORT**
CONVERSE COUNTY, WYOMING
SECTION 35, T.56N., R.74W.