



Smith Ranch - Highland
Uranium Project
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October 5, 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 - 40-8964
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 September 30, 2004, Power Resources, Inc. (PRI) had a release of Injection Fluid at the Highland Uranium Project in Converse County, Wyoming. The release was detected on September 29, 2004 at the main 14-inch Injection Trunk Line that connects Mine Unit I to Satellite No. 2. 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/klm

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| Cc: | John Lusher – NRC Project Manager | R. Knode | K. Milmine |
| | M.D. Bryson | File 4.3.3.1 | File 4.6.4.2 |

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Attachment

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

MINE UNIT I TO SATELLITE NO. 2 CONNECTING INJECTION TRUNK LINE FAILURE

A. DESCRIPTION OF THE EVENT AND MITIGATIVE ACTIONS TAKEN

On September 29, 2004 at approximately 13:20 p.m., an Injection Fluid leak was discovered near Mine Unit I at along the 14-inch Injection Trunk Line that runs from Mine Unit I to Satellite No. 2. The release occurred between County Road 32 and the north perimeter fence of Mine Unit I. The cause of the release was determined to be failure of a fusion joint. The Injection Trunk Line was immediately shut down and repairs were completed that evening. The line was place back into service at approximately 10:00 p.m.

An estimated 2,000 gallons of injection fluid emerged from the ground at the point of the failure and covered approximately 0.23 acres of wetted area. Approximately 1,200 gallons of the released fluid was recovered before it was absorbed. The approximate uranium concentration of the Injection Fluid was 1.6 mg/L. None of the released fluid entered "Waters of the State". No adverse impacts are expected due to the small quantity of fluid involved, the small extent of the spill, and low uranium concentrations of the injection fluid.

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 SW ¼, NW ¼, Section 24, T36N, R73W and affected approximately 0.23 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 cause of the release was a faulty fusion joint on the 14-inch Injection Trunk Line.

Recurrence Prevention

The pipeline was prepared and place back into service. Normal operating procedures dictate that main trunklines are always isolated in sections and pressure tested after construction prior to being placed into service. Additional training for construction technicians is currently on-going

