



May 23, 2005

**Smith Ranch - Highland
Uranium Project**
P. O. Box 1210
Glenrock, Wyoming USA 82637
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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 telephone to Mr. Steve Ingle of the Land Quality Division on May 17, 2005, and Mr. John Lusher, NRC Project Manager, via e-mail on May 18, 2005, Power Resources, Inc. (PRI) had a release of Injection Fluid at the Highland Uranium Project in Converse County, Wyoming. The original volume estimate provided in these initial notifications was 68,400 gallons. However, after further investigation, that estimate has been reduced to approximately 20,700 gallons. The release was detected on May 17, 2005 in the H-Wellfield, Headerhouse H-1 area, at Injection Well HI-35. The release of fluid resulted from a failure of a brass nipple on a hose attached to the wellhead. 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,

A handwritten signature in cursive script that reads 'Ken Milmine'.

Ken Milmine
Manager-Health, Safety
& Environmental Affairs

KLM

Cc: John Lusher – NRC Project Manager	C. Foldenauer	K. Milmine
M.D. Bryson	File HUP 4.3.3.1	File 4.6.4.2



A member of the Cameco group of companies

Attachment

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

FAILURE OF BRASS NIPPLE HOSE CONNECTIONS ON INJECTION WELL HI-35

A. DESCRIPTION OF THE EVENT AND MITIGATIVE ACTIONS TAKEN

On May 16, 2005 at approximately 9:30 a.m., personnel discovered an Injection Fluid leak inside the H-Wellfield at Injection Well HI-35. The release occurred when a brass nipple on the hose connection at the wellhead failed. The well was immediately shut down and repairs were completed.

An estimated 20,700 gallons of Injection Fluid flowed from the hose onto the ground. The released fluid flowed approximately 1400 feet down an ephemeral draw where it then entered a small playa. A portion of the playa was ponded with runoff water from recent rain and snow events and a portion of the spilled Injection Fluid mixed with this runoff water. A retaining trench was dug upstream of the playa to catch any remaining fluid draining from the draw. Samples of the pond were taken and sent to an external lab for analysis and additional soil samples will be taken to determine potential effects in the playa area.

The approximate uranium concentration of the Production Fluid was 1.1 mg/l. The entire area will be reevaluated during the decommissioning of the wellfield to ensure that applicable decommissioning standards for soils are met. Although no adverse impacts are expected due to the small quantity of fluid involved and the small extent of the spill, soil samples were obtained at two locations within the wetted area and at an adjacent background site. The samples will be analyzed for uranium, radium -226 and selenium.

The release occurred in the SW ¼, SE ¼, Section 12, T36N, R72W and affected approximately 1.5 acres. The exact location and extent of the spill is shown on the attached map.

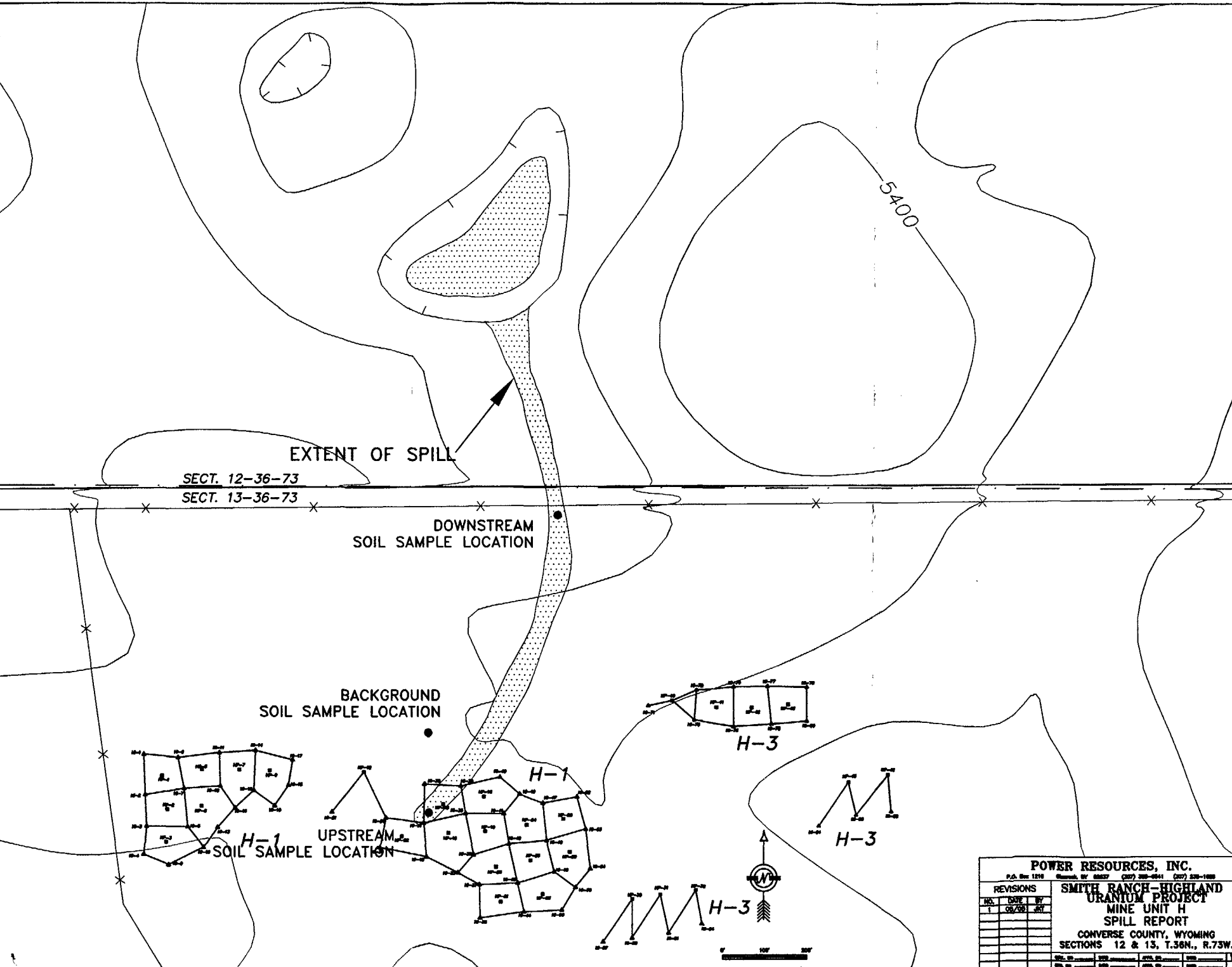
B. CAUSE OF THE RELEASE AND THE STEPS TAKEN TO PREVENT RECCURANCE

Cause

The release occurred when a brass nipple on the hose connection at the wellhead failed as a result of corrosion.

Recurrence Prevention

Other Injection Wells in the area with the same type of hose connections were investigated to determine if this potential problem may exist at other wells. However, the brass hose nipples on these other wells were found to be in good condition. The brass nipples were replaced and the well was placed back into service.



POWER RESOURCES, INC.		
P.O. Box 1210 Phone: 607 232-2227 (207) 232-2241 (207) 232-1000		
REVISIONS		
NO.	DATE	BY
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**SMITH RANCH-HIGHLAND
URANIUM PROJECT
MINE UNIT H
SPILL REPORT**
CONVERSE COUNTY, WYOMING
SECTIONS 12 & 13, T.36N., R.73W.