



September 6, 2005

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

Mr. Lowell Spackman, 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
Docket: 40-8964

Dear Mr. Spackman:

As reported to Mr. Steve Ingle of the Land Quality Division and Mr. Paul Michalak, NRC Project Manager, via e-mail on August 30, 2005, Power Resources, Inc. (PRI) had a release of Production Fluid at the Highland Uranium Project in Converse County, Wyoming. It is estimated that approximately 1,000 gallons was released to the ground. The release was detected on August 30, 2005 in Mine Unit-F at Production Well FP-435. The release of fluid resulted from a failure of a schedule 80, 1.5-inch union at 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,

Ken Milmine
Manager-Health, Safety
& Environmental Affairs

KLM

Cc: Paul Michalak – NRC Project Manager
S. Hatten File HUP 4.3.3.1

C. Foldenauer
File SR 4.6.4.2

M.D. Bryson
File SR 4.6.4.4



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Attachment

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

Production Well FP-435 Schedule 80, 1.5-inch Union Failure

A. DESCRIPTION OF THE EVENT AND MITIGATIVE ACTIONS TAKEN

On August 30, 2005 at approximately 5:15 a.m., personnel discovered a Production Fluid leak from Production Well FP-435. The release occurred when a 1.5-inch schedule 80 union on the wellhead failed. The well was immediately shut down and repairs were completed.

An estimated 1,000 gallons of Production Fluid flowed from well onto the ground. The released fluid flowed approximately 350 feet in the borrow ditch of the wellfield access road before it absorbed into the ground. Soil samples will be taken to determine potential effects in the spill area. The released fluid did not enter waters of the state and none of the fluid was recovered before it soaked into the ground.

The approximate uranium concentration of the Production Fluid was 15.4 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 will be 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 SE ¼, SE ¼, Section 20, T36N, R73W and affected approximately 0.04 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 1.5-inch schedule 80 union on the wellhead failed.

Recurrence Prevention

The union was replaced with a brass union instead of PVC. Brass is currently used in the construction of new wells or for replacement from maintenance activities to eliminate failure potential from PVC unions.

