POWER RESOURCES

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

November 21, 2005

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. 633, SUA-1548
Evaporation Pond Leak Report

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 October 21, 2005, Power Resources, Inc. (PRI) has detected a leak in the East Evaporation Pond at the Smith Ranch Uranium Project in Converse County, Wyoming. The leak was detected through the leak detection system for the East Pond. The leak detection system is functioning properly and all leakage has been contained in the system. As of November 7, 2005 The East Evaporation pond is no longer leaking fluids due to pond dewatering activities.

In accordance with NRC License Condition 12.1 and Mine Permit #633 Application, Section 5.5.5, a report is attached describing the cause of the leak, monitoring conducted, and the corrective actions taken.

Please call me at (307) 358-6541 ext. 46 if you have any questions.

Sincerely,

Ken Milmine

Ken Milmine
Manager-Health, Safety
& Environmental Affairs

KLM

cc: Paul Michalak, NRC Project Manager
C. Foldenauer
M.D. Bryson
S. Hatten
File SR 4.3.3.1
File SR 4.3.3.4

Attachment

Power Resources, Inc
Smith Ranch-Highland Uranium Project
EAST EVAPORATION POND LEAK

A. DESCRIPTION OF THE EVENT AND MITIGATIVE ACTIONS TAKEN

On October 21, 2005 at approximately 10:00 a.m., personnel discovered water in the leak detection system for the East Evaporation Pond. Samples taken from the leak detection system indicated a pond leak.

It was determined that the leak was caused by a tear in the pond liner, which occurred while sludge was being removed from the east pond by a track hoe. The sludge removal is being conducted to facilitate planned liner replacement in that pond. This project is planned to continue for the next couple of months until all of the sludge has been removed and disposed of at an NRC licensed facility and a new liner installed.

The fluid captured in the leak detection system was transferred to the West Evaporation Pond. All fluids in the East Pond have also been transferred to the West Pond, to the extent possible. Weekly samples obtained from the Leak detection system have yielded average results for chloride, conductivity, and U3O8 of approximately 7,900 mg/L, 3740 umos, 1,127 mg/L respectively.

As of November 7, 2005 the East Evaporation Pond is no longer leaking as a result of dewatering of the pond.

B. CORRECTIVE ACTIONS

Corrective actions conducted to date include dewatering of the East Evaporation Pond, which has successfully stopped pond fluid from leaking. As noted previously, PRI will continue to remove sludge from the East Evaporation Pond and install a new liner once the sludge has been removed. Installation of the new liner will alleviate any future leaks. As required in Section 5.5.5 of the Mine Permit #633 Application, a report will be submitted every 30 days until the leak is repaired.