



**Smith Ranch - Highland
Uranium Project**
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Glenrock, Wyoming USA 82637
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February 1, 2006

Mr. Lowell Spackman, District 1 Supervisor
Land Quality Division
Wyoming Department of Environmental Quality
122 West 25th Street
Cheyenne, WY 82002

RE: Permit to Mine 633, License SUA-1548, Docket 40-8964
January 2006 Monthly Corrective Action Report for the East Evaporation Pond Leak

Dear Mr. Spackman:

Power Resources, Inc. (PRI) is herein providing a monthly status report for the East Evaporation Pond leak at the Smith Ranch facility. This leak was initially reported to Mr. Steve Ingle of the Land Quality Division and Mr. Paul Michalak, NRC Project Manager, on October 21, 2005 and a follow up report was submitted on November 21, 2005.

Inspections on December 30, 2005 showed that water from the East Evaporation Pond was leaking into the collection system. However, the pond had ceased leaking again by January 25, 2006. PRI believes the reoccurrence of the pond leak was due to recent precipitation events and thawing conditions of the sludge in the pond. Weekly Samples were taken from the collection sump during this short period as required and analyzed for conductivity, chloride and uranium. These samples verified that the water in the collection sump originated from the East Evaporation Pond.

As stated in the report submitted on November 21, 2005, the East Evaporation Pond has been dewatered and is currently not in use. Therefore it is not anticipated that any more fluid will leak in significant amounts from the pond in its current state. PRI plans to start removing sludge again from the East Pond in March of 2006. A new liner will then be installed once the sludge is removed as previously reported.

PRI will continue to monitor the pond and sump and take appropriate actions, as necessary.



A member of the Cameco group of companies

If you have any questions or need additional information, please call me at (307) 358-6541, ext. 46.

Sincerely,



Ken Milmine
Manager-Health, Safety
& Environmental Affairs

KLM

cc: Paul Michalak, NRC Project Manager
S. Hatten

M. D. Bryson

C. Foldenauer
File SR-4.3.3.4

P. Drummond
File SR-4.3.3.4