POWER RESOURCES

Smith Ranch - Highland Uranium Project
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December 27, 2006

Mr. Lowell Spackman, District I 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
Monthly corrective Action Report for the East Evaporation Pond Leak

Dear Mr. Spackman:

Power Resources, Inc. 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, Wyoming Department of Environmental Quality and Mr. Paul Michalak, USNRC Project Manager, on October 21, 2005 and a follow up report was submitted on November 21, 2205.

As stated in the report submitted on November 21, 2005, the East Evaporation Pond has been dewatered and subsequently the pond is no longer leaking. The East Evaporation pond is currently out of service and not being used. As a result, it is not anticipated that pond fluid will leak in its current state. We are having difficulties scheduling for pond sludge removal prior to winter onset. At present, the East Evaporation Pond will be scheduled for sludge removal and repair in the Spring of 2007. A new liner has been pre-fabricated and will be installed with the East Evaporation Pond placed back into service upon completion of the sludge removal.

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

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

Sincerely,

John McCarthy
Manager, Safety, Health and Environmental Affairs

Cc: P. Michalak, NRC Project Manager C. Foldenauer P. Drummond
S. Hatten M. D. Bryson S. Collings File SR-4.3.3.4