



Smith Ranch - Highland
Uranium Project
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November 27, 2006

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
In Situ Uranium Wellfield Release Report

Dear Mr. Spackman:

As reported to Mr. Steve Ingle of Wyoming Department of Environmental Quality (WDEQ), Land Quality Division, Mr. Joe Hunter of WDEQ, Water Quality Division and Mr. Paul Michalak, NRC Project Manager, via phone November 22, 2006. Power Resources, Inc. (PRI) had a release of Mine Waste Water Fluid at the Smith Ranch Uranium Project in Converse County, Wyoming. It is estimated that 2100 gallons was released to the ground. The release was detected at approximately 09:30 on November 22, 2006 in Mine Unit-3. The release of fluid resulted from a failure of a buried 6" fused polyline joint. The spill is located in SE1/4 SW1/4, Section 26, T.36N., R.74W. The solutions did not enter the waters of the State. The line was taken out of service and the poly joint repaired. Soil samples were collected and sent to an outside laboratory for analysis; 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 black ink that reads 'John McCarthy'.

John McCarthy
Manager-Health, Safety
& Environmental Affairs

Cc: Paul Michalak – NRC Project Manager C. Foldenauer M.D. Bryson
S. Hatten File HUP 4.3.3.1 File SR 4.6.4.2 File SR 4.6.4.4
B. Johnson P. Drummond Joe Hunter – Water Quality Division



Attachment

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

Buried Polyline Joint Failure

A. DESCRIPTION OF THE EVENT AND MITIGATIVE ACTIONS TAKEN

On November 22, 2006 at approximately 09:30 a.m., personnel discovered a leak in Wellfield 3. The release occurred when a fused joint of 6" buried polyline failed in a clean-out line. Upon discovery, the line was immediately shut down until repairs could be completed.

An estimated 2,100 gallons of Mine Waste Fluid was released and absorbed into the ground. Soil samples were taken to determine potential environmental effects in the spill area. The released fluid did not enter waters of the state.

The uranium concentration of the Mine Waste Fluid was 7.1 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, the small extent of the spill, and the low concentrations of uranium, 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, arsenic and selenium.

The release occurred in the SE ¼, SW ¼, Section 26, T36N, R74W and affected approximately 0.15 acres.

Repairs were completed by Wednesday afternoon, November 22 and the clean-out line was placed back into service.

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

Cause

The release occurred when a fused joint of a 6" buried polyline failed.

Recurrence Prevention

Our PRI Spill Committee will meet during the week of November 27, 2006 to discuss this spill and to recommend any corrective actions that could be taken. The buried line has been in service since September, 1998.