



**Smith Ranch - Highland
Uranium Project**
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February 22, 2007

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 e-mail and/or phone February 20, 2007. Power Resources, Inc. (PRI) had a release of Production Fluid at the Smith Ranch Uranium Project in Converse County, Wyoming. It is estimated that 6000 gallons was released to the ground with 5500 gallons recovered. 500 gallons was reported as released to the environment. The release was detected at approximately 08:15 A.M. on February 19, 2007 in Mine Unit-15 by a Satellite Operator. The fluids were coming from the casing at surface and the source is believed to have originated from a hole in the inter tubing. The casing is containing the solutions down hole. The pump is scheduled to be pulled and the cause of the failure will be determined at that time and discussed at our next Spill Committee meeting. The spill was located at production well P-76 in Wellfield 15. The solutions did not threaten nor enter the waters of the State. The line was taken out of service and is scheduled for repaired. The known uranium content of the fluids was 32.5 ppm. The fluid is not considered hazardous material under RCRA, and is not reportable under SARA.

Power Resource's Spill Committee met on February 20, 2007 to assess the spill. The committee determined the down hole tubing would have to be pulled and inspected before a cause could be determined. Power Resource's Spill Committee meets monthly and after each spill to discuss preventive measures to minimize the potential of releases from PRI's operations and to assess and make recommendations to potentially mitigate re-occurrences.

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

Sincerely,



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

MU-15, P-76 Release

A. DESCRIPTION OF THE EVENT AND MITIGATIVE ACTIONS TAKEN

On February 19, 2007 at approximately 08:15 A.M., a Satellite Operator discovered a leak at production well P-76 in Wellfield 15. The cause will be determined when the inter-tubing can be pulled from the well casing. Upon discovery, the line was immediately shut down until repairs could be completed.

An estimated 6000 gallons of Production Fluid was released and 5500 gallons recovered with a vacuum truck. As a result 500 gallons was reported as released to the environment. The released fluid did not threaten nor enter waters of the state.

The uranium concentration of the fluid was 32.5 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.

The release occurred in Mine Unit 15 and affected approximately 0.09 acres.

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

Cause

The cause will be determined after the inter-tubing is pulled from the well casing.

Recurrence Prevention

Our PRI Spill Committee has met to discuss this spill and to recommend any corrective actions that could be taken. After the inter-tubing is pulled the committee will reconvene and assess the cause(s).