POWER
RESOURCES

Smith Ranch - Highland
Uranium Project
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June 26, 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 June 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 900 gallons were released to the ground with 60 gallons recovered. A net 840 gallons was reported as released to the environment. The release was detected at approximately 12:30 P.M. on June 19, 2007 in Mine Unit-K by a Swabbing Unit Operator. The fluids originated from a water tank mounted on a mobile trailer. The operator was backing his truck attempting to connect the trailer when he bumped the connecting ball harder than expected. The contact caused the supporting frame to impact the plastic water tank resulting in a breach of the tank and a spill of the contained solutions. The cause of the failure will be determined and discussed at our next Spill Committee meeting, including recommendations for future avoidances. The spill was located at injection well KI-156 in Wellfield K. The solutions did not threaten nor enter the waters of the State. The solutions remaining in the tank were removed with a vacuum truck and disposed of in the evaporation pond. The known uranium content of the fluids was 41.2 ppm. The fluid is not considered hazardous material under RCRA, and is not reportable under SARA.

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
M. Bryson
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-K, KI-156 Release

A. DESCRIPTION OF THE EVENT AND MITIGATIVE ACTIONS TAKEN

On June 19, 2007 at approximately 12:30 P.M., a Swabbing Unit Operator reported a release at injection well KI-156 in Wellfield K. The employee had finished swabbing well KI-156 and was backing the Smeal truck to attach the water trailer. The trailer was bumped when attempting to hook-up and the plastic water tank was breached, releasing approximately 900 gallons of injection fluids to the surface. The trailer was taken out of service.

An estimated 900 gallons of Production Fluid was released and 60 gallons recovered with a vacuum truck. As a result 840 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 41.2 mg/l. The soils will be removed from the spilled area and disposed of at licensed By-Product Facility.

The release occurred in Mine Unit K and affected approximately 0.03 acres.

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

Cause

Greater care needs to be taken in backing vehicles up and even more pointed, to hitch a trailer.

Recurrence Prevention

Our PRI Spill Committee will meet to discuss this spill and to recommend any corrective actions that could be taken.