



**POWER
RESOURCES**

**Smith Ranch - Highland
Uranium Project**
P. O. Box 1210
Glenrock, Wyoming USA 82637
Casper: 307-235-1628
Douglas: 307-358-6541
Fax: 307-358-4533

June 29, 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. 603
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. Paul Michalak, NRC Project Manager, and Mr. Joe Hunter of WDEQ, Water Quality Division via e-mail and/or phone June 26, 2007. Power Resources, Inc. (PRI) had a release of Production Fluid at the Highland Uranium Project in Converse County, Wyoming. It is estimated that 3747 gallons were released to the ground with 0.0 gallons recovered. A net 3747 gallons was reported as released to the environment. The release was detected at approximately 12:00 P.M. on June 25, 2007 in Mine Unit-H by a Satellite Operator. The spill was located at production well HP-397 in Wellfield H. The solutions did not threaten nor enter the waters of the State. The known uranium content of the fluids was 21.0 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
File HUP 4.3.3.1 File SR 4.6.4.2
B. Johnson P. Drummond

C. Foldenauer M. Bryson
File SR 4.6.4.4
Joe Hunter – Water Quality Division

Attachment

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

MU-H, HP-397 Release

A. DESCRIPTION OF THE EVENT AND MITIGATIVE ACTIONS TAKEN

On June 25, 2007 at approximately 12:00 P.M., a Satellite Operator reported a release at production well HP-397 in Wellfield H.

An estimated 3747 gallons of production Fluid was released and 0.0 gallons recovered with a vacuum truck. As a result 3747 gallons was reported as released to the environment. The released fluid did not threaten nor enter waters of the state. The release was discovered during an investigation of the spill reported from HI-744 on June 22, 2007. This release commingled with the June 22nd spill and will be addressed concurrently with HI-397. The release occurred as a result of a corroded brass nipple at the wellhead. Wellfield H has been shut down and all wellheads are being inspected for corroded fittings. All suspect fittings are being replaced with new materials and the wells associated with a headerhouse will be inspected for leaks or problems when the house is brought back on-line.

The uranium concentration of the fluid was 21.0 mg/l.

The release occurred in Mine Unit H and affected approximately 0.28 acres.

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

Cause

As mentioned above all fittings in wellfield H will be inspected and when needed, replaced with new fittings prior to re-starting a headerhouse and ultimately the wellfield.

Recurrence Prevention

The same corrective actions mentioned in the June 22, 2007 spill report will apply to this release because they have commingled on the down hill slope. The only addition to the below corrective actions is inspection of fittings and replacement with new materials through out wellfield H.

Wellfield H has been shut down resulting from this spill and a contributing spill reported June 25, 2007. Power Resources, Inc.s' Spill Committee met June 27, 2007 to discuss contributing factors regarding this spill. The committee discussed the following points:

- Review Standard Operating Procedures (SOP) and revise as necessary.
- Have all employees re-read/signoff the applicable SOPs.
- Hire a Trainer to train employees consistently in tasks.

- Insure all wells taken out of service are capped at the wellhead.
- All repairs will utilize only new materials.
- Expand the use of pulsating beacons mounted on the wellheads to alert passersby of potential leaks.
- An evaluation of the completion intervals of windmills/wells in the vicinity.
- An evaluation of the possibility of the spills effect, if any, on the first aquifer.

The windmill/wells in the vicinity of the spill are:

- GW-8 not running, 2 1/2 miles W
- GW-9 2 miles W, U-Nat. 0.0018mg/l
- GW-10 not running, 2milles NW, U-Nat 0.0031, Ra-226 0.4 pCi/l
- GW-11 2 1/2 miles NW, U-Nat 0.0012, Ra-226 3.1 pCi/l
- GW-12 1 1/4 miles N, U-Nat 0.0139mg/l, Ra-226 0.07 pCi/l

The windmill completion zones will be evaluated to determine if the spill could have affected the same aquifer as the mills. PRI will soil sample the full extent of the effected area and submit the samples to an accredited lab for results. A sample of the injection fluids will be analyzed for Guideline 8 parameters, if not on file from previous samplings. A TAPROOT investigation will be conducted on the event to determine the cause and recommend corrective actions. The above stated actions will be detailed with sample results by July 22nd, 2007.