

**WYOMING DEPARTMENT OF ENVIRONMENTAL QUALITY
LAND QUALITY DIVISION
WATER QUALITY DIVISION**

SETTLEMENT AGREEMENT

The Wyoming Department of Environmental Quality, Land Quality Division and Water Quality Division (WDEQ/LQD/WQD) and Power Resources, Inc. (PRI) authorized to do business in Wyoming, enter into this Settlement Agreement to fully and finally resolve without litigation the violations alleged in **Notice of Violation (NOV) Docket No. 4164-07 dated December 11, 2007 with regard to insitu uranium mine Permit 633**. The NOV was issued because of a subsurface spill of 11,600 gallons of UIC disposal solution. The spill of disposal fluids is a violation of the Wyoming Environmental Quality Act (Act) and the applicable Wyoming Department of Environmental Quality Land Quality Division and Water Quality Division Rules and Regulations. The location of the violation is in Section 36, Township 36 North, Range 72 West.

Wyoming Statute (W.S.) §35-11-701(c) authorizes the WDEQ/LQD/WQD to attempt to eliminate the cause of the violations by conference and conciliation, in lieu of litigation. To that end, Power Resources, Inc. and the WDEQ/LQD/WQD hereby stipulate and agree as follows:

1. The WDEQ/LQD & WQD pursuant to W.S. §35-11-104, are departments in the executive branch of the state government of Wyoming and are principally situated in Cheyenne, Wyoming. DEQ is the agency with the responsibility for administering the Wyoming Environmental Quality Act including all provisions of the LQD & WQD R&R.
2. PRI is the permittee of Permit 633 insitu uranium mine operation located in portions of Township 36 North, Ranges 72 and 73 West in Converse County. PRI is the primary operator of the mine.
4. PRI agrees to mitigate the spill by demonstrating full and complete remediation of surface/subsurface soil contamination. PRI agrees to the following corrective actions:
 - A) Conduct radiometric surveys before and during removal of the contaminated material to fully delineate the affected areas of the spill including along the pipeline. Remove all contaminated soil/subsoil and earthen material to the depth identified by the survey and approved by LQD. Clean-up values shall be determined using baseline values assessed by the radiometric survey. In the event that all contaminated material cannot be removed, an in-place remediation plan shall be developed and implemented with the approval of LQD, including groundwater monitoring of the first underlying aquifer. The contaminated material must be removed and hauled to a disposal facility no later than April 30, 2008. If it is not possible to haul the contaminated material to a licensed disposal facility before April 30, 2008, the material shall be removed and stored onsite, protected

SETTLEMENT AGREEMENT BETWEEN WDEQ/LQD AND POWER RESOURCES, INC.

from wind and water erosion and leaching, and removed as soon as feasible. PRI shall provide LQD with proof of hauling and disposal. PRI shall verify removal of all contaminated material by using an independent third party or confirmation by LQD inspectors.

- B) Backfill the excavated void with clean earthen material and a minimum of six (6) inches of imported suitable soil to create through drainage. The area must be seeded with an LQD-approved permanent seed mix using approved seeding methods following soil removal no later than May 30, 2008. Areas shall be protected from grazing until they are well established.
 - C) Construct Alternative Sediment Control Measures as needed to control surface runoff and sediment deposition while the vegetation cover is establishing from the excavated area. LQD will verify whether ASCM's are adequate.
 - D) Provide a map to LQD of the survey results and the area of excavation within 30 days of removal of the contaminated material.
5. To ensure additional failures are not a potential threat to the environment, PRI agrees to the following:
- 1.) Conduct a pressure test of the failed and repaired waste water disposal line with gauges on both ends of the line within 30 days of the signed Settlement Agreement;
 - 2.) Provide pressure tests on all waste water lines within 90 days of the signed Settlement Agreement. The results of all tests will be submitted to LQD within 24 hours of the test;
 - 3.) Submit a revision to the permit proposing a schedule and reporting plan for testing the waste water disposal lines within 90 days of the signed settlement agreement; and
 - 4.) Install continuous flow or pressure monitoring gauges equipped with an automatic alarm system for all waste water lines, within 120 days of the signed Settlement Agreement.
6. PRI agrees to submit a revision to the permit explaining prescribed cleanup procedures for all leaks and spills that may occur at the mine and a spill response plan within 90 days. The plan should include equipment located onsite that will be used to respond to mitigate environmental damage.
7. Subject to the waiver hereafter set forth, PRI agrees to pay twenty-seven thousand, six hundred dollars (\$27,600) as partial resolution to this matter in lieu of litigation under W.S. §35-11-901(a)(ii). PRI shall return the signed settlement agreement within 15 days of receipt

of the arbitrated Settlement Agreement. Payment is due no later than 30 days after the agreement is signed by all parties. Payment to WDEQ/LQD shall be by check made payable to the Wyoming Department of Environmental Quality/Land Quality Division, and shall be sent to: Donald R. McKenzie, Administrator, Wyoming Department of Environmental Quality, Land Quality Division, Herschler Building, 3 Floor-West, 122 West 25th Street, Cheyenne, Wyoming 82002.

8. This signed Settlement Agreement and payment by PRI as specified above shall constitute full satisfaction for and resolution of all claims by the WDEQ/LQD/WQD against PRI based on the violations alleged in NOV Docket No. 4164-07. Contingent upon PRI compliance with the terms of this Settlement Agreement, the WDEQ/LQD/WQD will refrain from taking further enforcement action against PRI for these particular violations cited in this Settlement Agreement. By this Settlement Agreement, the parties intend to resolve with prejudice all allegations that were asserted in NOV Docket No. 4164-07.
9. PRI waives any statute of limitations which may apply to an enforcement action by the WDEQ/LQD/WQD involving the specific matters described here in, under item No. 3 above, in the event that Power Resources, Inc. fail to fulfill their obligations under this Settlement Agreement.
10. Nothing in this agreement precludes WDEQ/LQD/WQD from taking additional enforcement action, including the issuance of a Notice of Violation, and/or pursuing additional penalties, should PRI violate the Wyoming Statutes or applicable R&R in the future.
11. This Settlement Agreement shall be admissible by either party without objection by the other party in any subsequent action between these parties.
12. Notwithstanding any other language in this Settlement Agreement, the State of Wyoming and WDEQ do not waive sovereign immunity by entering into this Settlement Agreement with Power Resources, Inc. and specifically retain all immunity and all defenses available as sovereigns under state and federal law.
13. This Settlement Agreement is binding upon PRI successors and assigns, and upon the WDEQ/LQD/WQD.
14. The persons signing this Settlement Agreement certify that they are duly authorized to bind their respective parties to this Settlement Agreement.

FOR POWER RESOURCES, INC.:

Signed: _____

Date: _____

SETTLEMENT AGREEMENT BETWEEN WDEQ/LQD AND POWER RESOURCES, INC.

Typed: _____

Title: _____

FOR THE WYOMING DEPARTMENT OF ENVIRONMENTAL QUALITY:

John V. Corra, Director
Wyoming Department of Environmental Quality

Date

Donald R. McKenzie, Administrator
Land Quality Division

Date

John Wagner, Administrator
Water Quality Division

Date

JVC/DRM/JW/pcr

cc: Becky Brosius, NOV Files (603)
Lowell Spackman, LQD
Kevin Frederick, WQD
Doug Mandeville, NRC