



# Department of Environmental Quality



To protect, conserve and enhance the quality of Wyoming's environment for the benefit of current and future generations.

Dave Freudenthal, Governor

John Corra, Director

April 25, 2008

Mr. Steve Collings  
Cameco Resources  
141 Union Blvd, Suite 330  
Lakewood, CO 80228

**RE: Notice of Violation, Docket No. 4164-07, Permit No. 633, Power Resources, Inc.**

Dear Mr. Collings:

Please find enclosed an original of the signed Settlement Agreement for the above referenced Notice of Violation. Once all the conditions of the settlement agreement have been met, the Violation will be terminated.

If you should have any questions, please feel free to contact Lowell Spackman or Pam Rothwell of the Land Quality Division District 1 office at 307-777-7756.

Sincerely,

Becky Brosius  
Administrative Assistant  
Land Quality Division

Enclosure

xc: District 1  
Brian Lovett – WQD  
Doug Mandeville - NRC



**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 in-situ 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 74 West.

Wyoming Statute (W.S.) §35-11-901(a)(ii) authorizes the WDEQ/LQD/WQD to attempt to eliminate the cause of the violations by settlement, 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 located in portions of Townships 35 and 36 North, Ranges 73 to 75 West in Converse County. PRI is the primary operator of the mine.
3. Surface and substrata have been contaminated as a result of a surface spill due to the compromised deep injection waste water disposal pipeline. In addition, waters of the state were threatened as a result of the spills. Therefore, the violation is for both failing to protect the resources and for causing the contamination of the resources.
4. PRI agrees to delineate the spill by using appropriate survey and sampling procedures for both surface and subsurface contamination as determined in consultation with the LQD. All survey and sampling results will be submitted to LQD. Corrective actions will be conducted according to a mitigation plan developed by PRI and submitted to LQD for review and approval prior to implementation. This plan shall include at a minimum:
  - A) Sampling will be conducted to a sufficient vertical depth including surface soils and substrata, horizontally along, and perpendicular to the compromised pipeline to establish a clear understanding of the full extent of possible contamination. PRI will provide to LQD the depth to first aquifer for evaluation of any necessary mitigation requirements;
  - B) Remediation will be conducted of contaminated material to baseline values found on adjacent native areas as the clean-up standard, for selenium, arsenic, and uranium. These standards may be evaluated for alternative clean-up standards in any future spill clean-up requirements;
  - C) Based on the conclusions of the spill delineation and sampling results, any material determined to be contaminated will be removed and hauled to a disposal facility within 30 days of LQD's verification of the sampling results. PRI shall provide LQD with proof of hauling and disposal. PRI shall verify removal of any contaminated material by using an independent third party or confirmation by LQD inspectors;
  - D) Provide a map to LQD of the survey results and the area of excavation within 30 days of removal of the contaminated material;
  - E) Backfilling the excavated void with clean earthen material and a minimum of six (6) inches of imported suitable soil and create through drainage. The area must be seeded

with an LQD-approved permanent seed mix using approved seeding methods within 30 days of soil replacement. Areas shall be protected from grazing until they are well established;

- F) Constructing 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;
5. To ensure additional failures are not a potential threat to the environment, PRI agrees to the following:
- A) PRI will provide the results of the pressure test of the failed and repaired deep disposal waste water line with gauges on both ends of the line within 30 days of the signed Settlement Agreement;
  - B) Provide pressure test results on all deep disposal waste water lines within 90 days of the signed Settlement Agreement. The results of all tests will be submitted to LQD within five business days of the test;
  - C) Submit a revision to the permit proposing a schedule and reporting plan for testing the deep disposal waste water lines within 90 days of the signed settlement agreement; and
  - D) Install continuous flow or pressure monitoring gauges equipped with an automatic alarm system for all deep disposal waste water lines, within 120 days of the signed Settlement Agreement.
6. PRI agrees to develop a Standard Operating Procedure (SOP) in consultation with the LQD explaining prescribed cleanup procedures for leaks and spills that may occur at the mine and a spill response plan within 90 days of the signed Settlement Agreement. The SOP should include equipment located onsite that will be used to respond to mitigate environmental damage.
7. Subject to the waiver hereafter set forth, Power Resources, Inc. agrees to pay Twenty-Seven Thousand, Six Hundred Dollars (\$27,600) as a stipulated settlement as partial resolution to this matter in lieu of litigation under W.S. §35-11-901(a)(ii). However, Power Resources, Inc. shall pay Twelve Thousand Dollars (\$12,000) directly to the WDEQ/LQD with the signed settlement agreement. If Power Resources, Inc. satisfies the requirements outlined in No. 3, 4, and 5 above, the remaining payment of Fifteen Thousand Six Hundred Dollars (\$15,600) shall be waived. If the remaining compliance requirements are not fulfilled, the remaining Fifteen Thousand Six Hundred Dollars (\$15,600) must be paid one year from the date this Settlement Agreement is finalized with signatures from all parties. This signed agreement and partial payment of Twelve Thousand Dollars (\$12,000) are due within 15 days of receipt of the Settlement Agreement. 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 25<sup>th</sup> Street, Cheyenne, Wyoming 82002.
8. PRI's full compliance with this signed Settlement Agreement including 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. However, full compliance does not relieve PRI of final clean-up obligations. 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. fails 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. Each party is responsible for its own costs, including attorney fees through the signing of this Settlement Agreement.
14. This Settlement Agreement is binding upon PRI successors and assigns, and upon the WDEQ/LQD/WQD.
15. 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: Steve Collings  
Steve Collings, President

Date: April 21, 2008

Title: \_\_\_\_\_

**FOR THE WYOMING DEPARTMENT OF ENVIRONMENTAL QUALITY:**

John V. Corra  
John V. Corra, Director  
Wyoming Department of Environmental Quality

4/25/08  
Date

Donald R. McKenzie  
Donald R. McKenzie, Administrator  
Land Quality Division

4-24-8  
Date

John Wagner  
John Wagner, Administrator  
Water Quality Division

4/25/08  
Date

JVC/DRM/JW/pcr

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