

CROW BUTTE RESOURCES, INC.

86 Crow Butte Road
P.O. Box 169
Crawford, Nebraska 69339-0169



(308) 665-2215
(308) 665-2341 – FAX

June 9, 2008

Mr. Michael Linder, Director
Nebraska Department of Environmental Quality
PO Box 98922
Lincoln, Nebraska 68509-8922

Subject: Exceedance of Well Head Manifold Pressure Limitations
Class III Underground Injection Control Permit NE0122611

Dear Mr. Linder:

Part II, Section B.1 of the referenced Class III Underground Injection Control (UIC) permit requires that Crow Butte Operation (CBO) maintain well head injection manifold pressure at a level not to exceed 100 PSIG. On June 4, 2008, at 5:00 p.m., a thunderstorm in the area of the mine caused a short power outage that resulted in a loss of flow in the well field. As flow was restored, scale deposits in the trunkline were agitated and began to circulate to some of the well houses in Mine Unit 8. The scale caused the PRV valves in well houses 34, 36, 37, 38, 39, and 40 to plug, resulting in a rise in injection manifold pressure that exceeded 100 PSIG. This condition was first noticed by an operator at 7:45 p.m. The maximum pressure he observed in the six affected houses was 105 PSIG. He corrected the condition by partially closing the butterfly valve upstream of the PRV valve to allow a pressure of no more than 93 PSIG. All pressures were corrected by 9:00 p.m. No leaks or any other damage was caused by the over pressurization. On June 5, 2008, well field operators were sent to the affected houses to clean the PRV valves and restore normal operating conditions.

Title 122 Chapter 21 Section 001.06 requires 24 hour telephone notification of a noncompliance with the permit conditions, followed by a written report in five days. Dave Carlson was notified by phone of the pressure exceedance at 8:00 a.m. on June 5, 2008.

If you have any questions, please do not hesitate to call me at (308) 665-2215 ext 117.

CROW BUTTE RESOURCES, INC.



Mr. Mike Linder
March 1, 2005
Page 2

Sincerely,
CAMECO RESOURCES, CROW BUTTE OPERATION

A handwritten signature in cursive script that reads "Walter D. Nelson". The signature is written in black ink and is positioned above the typed name.

Walter D. Nelson
Environmental Leadership Coordinator

cc: U.S. Nuclear Regulatory Commission
Mr. Stephen J. Cohen - ADDRESSEE ONLY
Fuel Cycle Licensing Branch
Mailstop T8-F5
Washington, DC 20555

Mr. Dave Carlson, NDEQ, Chadron Field Office
Mr. Steve Magnuson, CBO, Denver Office