CROW BUTTE RESOURCES, INC.

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

(308) 665-2215
(308) 665-2341 – FAX

June 20, 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 19, 2008, CBO experienced two "power bumps" at approximately 9:00 p.m. as a result of a thunderstorm passing through the area of the mine. The short power outages temporarily stopped well field flow. As flow was restored, scale deposits in the trunkline were agitated and began to circulate in the line. At 12:21 a.m., an operator inspecting the well houses found that the injection manifold pressure in Well House 38 was 110 PSIG due to scale plugging the PRV valve. The operator corrected the condition by partially closing the butterfly valve until injection manifold pressure was 90 PSIG. Well field staff were sent to clean the meter run on the morning of June 20, 2008. The pressure exceedance did not result in any leaks or cause any damage to equipment.

CBO is taking steps to ensure that this issue is corrected. In areas where scale is present in the trunkline, pressure switches will be installed in the well house injection manifolds that will signal the control room when injection pressure reaches 93 PSIG and allow operators to correct any issues before 100 PSIG is reached. This alarm system was installed in Well House 36 and is functioning properly. Additionally, injection filters are being added to the injection line in these well houses to prevent scale in the lines from plugging the PRV valves or the meter runs. Injection filters have been installed in Well Houses 48 and 49 with good results. A third injection filter was received on June 18, and will be installed on June 20 in Well House 36. Four more filters have been ordered, but will not arrive until mid-August.

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 of

the pressure exceedance at 9:20 a.m. on June 20, 2008. Mine Manager Jim Stokey has been in communication with Dave Meisbach with reference to the actions CBO is taking to prevent injection manifold pressure exceedances.

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

Sincerely,
CAMECO RESOURCES, CROW BUTTE OPERATION

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