



October 21, 2008

Mr. Lowell Spackman, District I Supervisor
Land Quality Division
Wyoming Department of Environmental Quality
122 W. 25th Street
Cheyenne, WY 82002

CAMECO RESOURCES
Smith Ranch-Highland
Operation
Mall:
P.O. Box 1210
Glenrock, WY
82637 USA

Tel: (307) 358-6541
Fax: (307) 358-4533
www.cameco.com

RE: Power Resources, Inc.
Smith Ranch – Highland Uranium Project
Permit to Mine No. 633

Dear Mr. Spackman:

Included with this correspondence, please find a Delineation Drilling Proposal for Permit to Mine 633 and associated information in order that Power Resources, Inc. dba Cameco Resources (CR) can conduct delineation drilling operations on Smith Ranch-Highland Project. CR plans to drill up to 270 delineation holes within permit 633. The accompanying map indicates most of the approximate drilling locations. These locations may change slightly based upon drilling results but the general pattern will remain the same. The current permit 633 bond of \$40,000,000.00 will be increased by \$1,708,695.00 to equal \$41,708,695.00 in order to cover plug and abandonment of the holes and reclamation of the drill sites.

If you should have any questions regarding this request, please call me at 307-358-6541, ext. 46 at your earliest convenience. CR appreciates your timely review of this submittal.

Sincerely,

A handwritten signature in black ink, appearing to read 'John McCarthy', written over a horizontal line.

John McCarthy
Manager- Environmental, Health, and Safety, RSO

Attachments

cc: T. Cannon w/o atta
S. Bakken w/o atta
S. Hesse
File SR 4.3.3.1

S. Collings w/o atta
K. Wenzel
D. Mandeville, NRC

Proposed Delineation Drilling Program within Permit 633

Location Map

Delineation drilling operations will be conducted in the S1/2 of Section 18, T35N, R.74W, S1/2 N1/2, and NW1/4SW1/4 of Section 17, T35N, R74W and NW1/4SW1/4, SW1/4NW1/4 of Section 16 of T35N, R74W, Converse County, Wyoming. The attached map shows the approximate location of proposed drilling. Access routes will utilize existing two tracks and existing wellfield access roads.

Planned Operations

Operations will consist of surface drilling activities of up to 270 delineation holes. Site preparation will include mud pit excavation, stripping and separation of topsoil from subsoil using a backhoe. The separated topsoil will be distinguished from the separated subsoil with the use of flagging. During drilling activities ASCMs will be installed as necessary. The use of fencing will be used to prohibit access into the excavated mud pits.

Drilling will be accomplished utilizing conventional rubber-tired, rotary-type drill rigs. Holes will be drilled 5 ¼ inches in diameter with an average depth of around 1000 feet. Commercial drilling mud will be utilized in drilling operations and mixed in the mud pit. The drilling fluids and cuttings are recycled in the mud pit and not discharged to surface. When the drill hole has reached the required drill depth, Plug Gel or an equivalent product will be added to the drilling mud and mixed in the mud pit. The abandonment mud will be circulated to surface as the drill string is removed from the hole.

Upon completion of drilling and logging, all holes will be plugged and abandoned in accordance with WS 35-11-404 and Wyoming Department of Environmental Quality abandonment regulations. A metal identification tag attached to a preformed cement cap, if needed, will be placed approximately three feet below surface to mark the location of the abandoned hole. Mud pits will remain open for a short period of time (usually less than 30 days) to allow the pit to dry. When use of the mud pit is complete, subsoil is backfilled into the pit and topsoil is applied. Surface disturbance per drill site will be roughly 800 square feet.

Access to the drilling area will be accomplished through existing two-track roads and wellfield access roads. No construction of new access roads is anticipated.

Drilling activities in this area are expected to be completed by July of 2009 depending on weather and drill rig availability. Cumulative surface disturbance for all drilling activity of this project is anticipated to be about 4 acres.

Reclamation Measures and Prevention of Undue Degradation

Revegetation will be accomplished utilizing the following seed mixture applied at the respective rates per acre.

<u>Species</u>	<u>lbs. PLS/acre</u>
Western Wheatgrass	4
Thickspike Bluegrass	4
Slender Wheatgrass	2
Candy Bluegrass	2
Green Needlegrass	2

Disturbed areas will be seeded on the contour using drill-seeding methods. Seeding will be conducted in the Fall prior to ground frost or in the Spring after ground thaw.

Significant disturbances caused by use of access routes other than the existing two-track roads will be revegetated as discussed above. Most activity will be limited to good weather and ground conditions to minimize impacts to the surface.

There are no threatened or endangered species (plant or wildlife) known to exist in the area as indicated by previously completed baseline surveys. Therefore, drilling operations are not expected to have any adverse impact on any threatened or endangered species.

Financial Surety

Drilling will be conducted under Permit 633 administered through the Wyoming Department of Environmental Quality- Land Quality Division (WDEQ-LQD). The current in-place surety amount is \$40,000,000.00 and will increase the bond by \$1,708,695.00 to cover the cost of abandoning and reclaiming up to 270 drill holes. The surety amount is tabulated in Table 1, per Appendix L of Guideline 12.

TABLE 1. Wyoming DEQ Guideline 12, Appendix L

Task	Unit Cost	Units	Total Cost
Site Locating	\$10.00/site	270	\$ 2,700.00
Sealing Using High-Solids Bentonite Grout (<1000' deep)	\$6.28/lin.ft.	270000	\$1,695,600.00
Capping using a Pre-cast Concrete Cap (if needed)	\$7.50/hole	270	\$ 2,025.00
Site Grading	\$30.00/site	270	\$ 8,100.00
Seeding-Small Site	\$1.00/site	270	\$ 270.00
		Sum Total	\$1,708,695.00

LOCATION MAP

**THIS PAGE IS AN
OVERSIZED DRAWING OR
FIGURE,
THAT CAN BE VIEWED AT THE
RECORD TITLED:**

**“Comeco Resources
SMITH RANCH - HIGHLAND OPERATION
PROPOSED DELINEATION DRILLING
PERMIT 633”**

WITHIN THIS PACKAGE...

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