



December 22, 2008

**ATTN: Document Control Desk**  
Nuclear Regulatory Commission  
Washington DC, 20555-10001

**RE: REPLY TO NOTICE OF VIOLATION'S**  
Inspection Report 040-08964/08-002

**CAMECO RESOURCES**  
**Smith Ranch-Highland**  
**Operation**  
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Please find below Power Resources Inc. d/b/a Cameco Resources (CR) reply to the notice of violations issued by the Nuclear Regulatory Commission on November 25, 2008. This response is being provided in accordance with 10 CFR 2.201.

**VIOLATION 1**

The violation stated: 10 CFR 20.1301(a)(2) requires that the licensee conduct operations so that the dose in any unrestricted area from external sources does not exceed 2 millirem in any one hour.

Contrary to the above, on September 25, 2008, the byproduct storage bins at satellite Sat-3 and satellite Sat-2 were found to have exposures rates of 3.5 millirems in any one hour at one foot from the surfaces of the bins. Both byproduct bins were located in unrestricted areas.

This is a Severity Level IV violation (Supplement IV).

**Background Information**

The byproduct storage bins at Satellite 2 and Satellite 3 are located on private property with the entrance road posted as "Warning 24 hour security, authorized traffic only all others must check in at main office" (signs include main office phone number, WDEQ and USNRC permit and license numbers). In addition the area the bins were stored in was posted as a Radiation Area.

**Corrective Actions**

In response to this NOV the byproduct storage bins at Satellite 2 and Satellite 3 were enclosed on October 23, 2008 with six foot chain link fence topped with three strings of barbed wire that is secured with a coded lock.

**JEO7**  
**NMSS**

## **VIOLATION 2**

The violation stated: License Condition 10.1.6 requires, in part, that the licensee maintain an area within the restricted area boundary for storage of contaminated materials prior to their disposal.

Contrary to the above, on September 25, 2008, the byproduct storage bins at satellite Sat-3 and satellite Sat-2 contained items contaminated with licensed radioactive material, in storage pending disposal, and were located in unrestricted areas.

This is a Severity Level IV violation (Supplement IV)

### **Background Information**

For administrative purposes, this appears to reference License Condition 10.1.7 rather than License Condition 10.1.6. The byproduct storage bins at Satellite 2 and Satellite 3 are located on private property with the entrance road posted as "Warning 24 hour security, authorized traffic only all others must check in at main office" (signs include main office phone number, WDEQ and USNRC permit and license numbers). In addition, the area the bins were stored in was posted as a Radiation Area.

### **Corrective Actions**

In response to this NOV the byproduct storage areas at Satellite 2 and 3 were enclosed on October 23, 2008 with six foot chain link fence topped with three strings of barbed wire that is secured with a coded lock.

## **VIOLATION 3**

The violation stated: 10 CFR 20.1802 requires that the licensee control and maintain constant surveillance of licensed material that is in a controlled or unrestricted area and that is not in storage.

Contrary to the above, on September 25, 2008, the licensee did not control and/or maintain constant surveillance of uranium contained in the T-207 transfer storage tank in the satellite SR-1 building, which is a controlled area. The area around this tank was a posted radiation area. The satellite SR-1 building and the immediate area around the T-207 transfer storage tank were unoccupied by employees, the doors to the SR-1 building were unlocked, and the overhead bay doors were open allowing uncontrolled access to licensed source materials.

This is a Severity Level IV violation (Supplement IV)

### **Background Information**

The entrance road was posted as "All buildings beyond this point are restricted access areas, employees and authorized personal only, twenty four hour security" (signs include main office phone number, WDEQ and USNRC permit and license numbers)

In addition each outside entrance of SR-1 building is posted as "Notice, authorized personal only" and "Caution, any area within this facility may contain radioactive materials".

**Corrective Actions**

In response to this NOV on October 16-21, 2008 coded security locks were installed on all exterior doors at Satellites SR-1, 2 and 3. In addition, security gates with padlocks were installed at the overhead doors in the event that the doors are required to stay open when an operator is not in the area.

If you have any questions or concerns, please feel free to contact me at 307-358-6541 ext. 62.

Sincerely,



Krista Wenzel  
Manager, Safety, Health & Environment



John McCarthy  
Radiation Safety officer

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