



December 30, 2008

Mr. Lowell Spackman, District 1 Supervisor
Land Quality Division
Wyoming Department of Environmental Quality
Herschler Building
122 West 25th Street
Cheyenne, WY 82002

CAMECO RESOURCES
Smith Ranch-Highland
Operation

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RE: Permit to Mine No. 633; Release of Solutions Report

Dear Mr. Spackman:

As reported to Ms. Pam Rothwell of Wyoming Department of Environmental Quality, Land Quality Division (WDEQ/LQD), Land Quality Division, and Mr. Doug Mandeville, NRC Project Manager, December 29, 2008, Power Resources, Inc. d/b/a Cameco Resources (CR) had a release of injection water at the Smith Ranch-Highland Uranium Project in Converse County, Wyoming. Approximately 1,144 gallons were released from well 9I-44 in Mine Unit 9.

The leak was detected at approximately 10:30 am on December 29, 2008 by a Wellfield Operator. The solution did not threaten nor enter the waters of the State. A fluid sample was recovered and will be analyzed by the onsite lab, the uranium concentration was reported to be 0.2 ppm. Soil samples will be collected at representative areas at 0-6" for analysis with an accredited outside laboratory and a gamma survey will be performed across the spill area. The fluid is not considered hazardous material under RCRA and is not reportable under SARA.

A 1" polly line from well 9I-44 in Mine Unit 9 was punctured while attempting the removal of ice at the wellhead. A power outage had occurred and the well's water had frozen in place at the wellhead. The well was not operating at the time and the operator didn't realize the puncture had occurred. The well was turned back on at the header house and the operator verified the flow. Upon checking the well head the operator found water coming to surface and returned to the header house to shut down the well. The flow went beyond the fenced area and terminated approximately at the monitor well ring.

Power Resource's Spill Committee meets monthly and after each spill to discuss preventive measures to minimize the potential of releases from Smith Ranch-Highland Operations, and to assess and make recommendations to potentially mitigate re-occurrences. The Spill Committee will meet the first week of January, 2009 to discuss the spill investigation and corrective actions.

A field map is also included in this package.

Please call me at (307) 358-6541 ext. 62 if you have any questions.

Sincerely,



Krista Wenzel

Manager, Environment, Health and Safety

Attachment: Map

cc: Doug Mandeville – NRC Project Manager (2-copies) T. Cannon
M. Bryson File HUP 4.3.3.1 File SR 4.6.4.2
File SR 4.6.4.4 S. Bakken D. Kolkman
B. Johnson S. Miller Joe Hunter – Water Quality Division

