



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. 823 gallons were released from an 18" line in a bell hole at Mine Unit 9. Approximately 750 gallons were recovered.

The leak was detected at approximately 0915 am on December 26, 2008 by a Wellfield Operator. The fluid did not threaten nor enter the waters of the State. A fluid sample was recovered and will be analyzed by the onsite lab. Soil samples were collected at representative areas at 0-6" for analysis with an accredited outside laboratory and a gamma survey was performed across the spill area. The fluid is not considered hazardous material under RCRA and is not reportable under SARA.

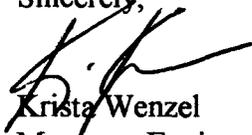
A fused 18" poly line in Mine Unit 9 failed at a bell hole. 1500 gallons per minute flow through the 18" line and the header house shut down automatically on a low flow signal. The response time was less than one minute. The released fluid entered a dry drainage and froze as it progressed down gradient. The frozen solutions were recovered December 27, 2008 and removed to the plant for transfer to a Deep Disposal Well.

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

Attachment