



January 30, 2009

Mr. Doug Mandeville
U.S. Nuclear Regulatory Commission
11545 Rockville Pike
#2 White Flint, T7E18
Rockville, MD 20852-2738

CAMECO RESOURCES
Smith Ranch-Highland
Operation

Mail:
P.O. Box 1210
Glenrock, WY
82637 USA

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

Re: Smith Ranch-Highland Uranium Project
Source Material License SUA-1548, Docket No. 40-8964
Annual Report and Surety Updates for North Butte

Dear Mr. Mandeville:

Enclosed are two (2) paper copies of the North Butte 2008 Annual Report and Surety as required by the Wyoming Department of Environmental Quality (WDEQ) Act W.S. 35-11-411 and License Condition 9.5 of Source Material License SUA-1548. Cameco Resources proposes to increase the current surety of \$ 86,995 to \$124,680.

If you have any questions, please don't hesitate to call me at Smith Ranch-Highland Uranium Project at (307) 358-6541 ext. 62.

Sincerely,

A handwritten signature in black ink, appearing to read "K. Wenzel".

Krista Wenzel
Manager-Environment, Health and Safety

Attachment: Annual Report and Surety

cc: T. Cannon S. Bakken
C. Foldenauer File SR 4.6.4.1



January 28, 2009

Via FedEx #797288484330

Mr. Glenn Mooney, Senior Analyst
WDEQ Land Quality Division - District III
1866 South Sheridan Avenue
Sheridan, WY 82801

CAMECO RESOURCES

Development Department
400 East 1st Street
Suite 308
Casper, WY
82601 USA

Tel: (307) 237-2128
Fax: (307) 237-2142
www.cameco.com

**RE: 2008 Annual Report for North Butte Mine Project
In Situ Permit to Mine No. 632**

Dear Mr. Mooney:

We are enclosing two (2) paper copies of the annual report for the North Butte I.S.L. Project In Situ Permit to Mine No. 632 as required by the Wyoming Environmental Quality Act W.S. 35-11-411. This report covers the period January 31, 2008 through January 30, 2009. There has been no activity on this project, which remained non-operational over the past year.

The reclamation bond estimate has been revised using WDEQ Guideline 12 for applicable line items and Cameco's well plugging unit cost estimate developed from actual costs incurred at the Smith Ranch-Highland mine. Cameco proposes to increase the current surety from \$86,995 to \$124,680. If you have comments or questions concerning this report, please contact us at telephone 307-237-2128, extension 313 (Jean Lawlor), or extension 312 (Larry Reimann).

Sincerely,
Cameco Resources

A handwritten signature in cursive script that reads 'Jean F. Lawlor'.

Jean F. Lawlor, P.G.
Sr. Permit Manager

Enclosures

cc: file NB 4.3.4.2
S. Bakken / Cameco Lakewood (~~elec. File only~~)
K. Wenzel / Cameco Smith Ranch (elec. File only)

JFL/jn
jean C:\North Butte 632\North Butte Permit 632 Annual Report 2008.doc

**2008 ANNUAL REPORT
for
NORTH BUTTE I.S.L. PROJECT
IN SITU PERMIT TO MINE No. 632**

Prepared for:

**Wyoming Dept. of Environmental Quality – Land Quality Division
District III, Sheridan, WY**

Prepared by:

**Cameco Resources (Power Resources, Inc.)
Casper, WY
Tel. 307-237-2128**

January 28, 2009

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Appendix A Reclamation Surety Estimate table

This submittal has been prepared to satisfy the Annual Report information requirement of W.S. 35-11-411(a) and addresses applicable requests for information contained in the Annual Report form received from the Wyoming Department of Environmental Quality, Land Quality Division.

1.0 NAME AND ADDRESS OF PERMITTEE

Please note the **updated** mailing address and contact below:

Power Resources, Inc., doing business as (d.b.a.) **Cameco Resources**
400 East First Street, Suite 308
Casper, Wyoming 82601

Regulatory Contact: **Jean Lawlor**
Tel. 307-237-2128, x. 313

2.0 MINING PERMIT NUMBER

Permit No. 632 issued to Uranerz, U.S.A., Inc. on January 30, 1991;
Permit No. 632 transferred to Pathfinder Mines Corporation on March 5, 1991;
Permit No. 632 transferred to Power Resources, Inc. on November 29, 2001.

3.0 REPORTING PERIOD

This annual report covers the period January 31, 2008 through January 30, 2009.

4.0 DESCRIPTION OF OPERATIONS

All facilities at the North Butte Project are non-operational and on stand-by status. Activities during the report period consisted of quarterly inspections, required by the USNRC license, of the existing facilities.

a. Wells Installed or Repaired:

No wells were installed or repaired during this reporting period.

b. Completion Techniques for wells installed or repaired:

Not applicable

c. Permit Predictions Made, Fulfilled, Deviated from:

No changes were made to previously submitted permit documents during this reporting period.

d. Revised Schedule of Operations & Reclamation:

Construction for commercial operations has been postponed at least through 2009, dependent upon uranium market and general economic conditions. No mining activity is planned for the North Butte project during 2009.

e. Map of Major Features of Existing Mining Operations:

Plate 1 included with the 2002 Annual Report shows the current layout of the North Butte project.

f. Updated Potentiometric Surface Maps:

A potentiometric surface map is not included because the project is not operational. No aquifers have been affected by project activity during the current reporting period or will be affected by project activity during the upcoming reporting period.

affected by project activity during the upcoming reporting period.

5.0 MONITORING ACTIVITIES

Monitoring activities conducted during the report period included quarterly inspections of existing site facilities and monitoring wells. No changes were observed in the existing site facilities during the report period.

At the request of the U.S. Nuclear Regulatory Commission, groundwater level data is being collected in three project monitoring wells to analyze the potential effects on proposed mining units of groundwater withdrawals from nearby coal-bed methane (CBM) production wells. On August 28, 2007, a pressure transducer with electronic data logger was installed in each of three existing monitoring wells (UUM2, UM5, and M8) to record groundwater levels and temperatures over time. Measurements were recorded twice daily at 12-hour intervals for a total of 730 measurements over one year. Wells were checked quarterly for proper functioning of the recording equipment and to download accumulated water level and temperature data. Although monitoring was originally proposed for only one year, the recording equipment is still in place and functioning to date.

Although the groundwater level data has not yet been thoroughly analyzed, simple plots of time versus groundwater levels indicate no apparent trend for Monitor Wells UUM2 (total depth 220 feet) or UM5 (total depth 360 feet) for the period August 2007 through August 2008. However, Well M8 (deepest total depth of 640 feet) exhibited a consistent decline in groundwater level over this same period. The nearest producing CBM well is located approximately ½ mile from the monitor wells. A maximum groundwater level change of 3.2 feet was reported by Well M8, and a maximum temperature change of 1.2 degrees centigrade was exhibited by Well UUM2 for the period August 2007 through August 2008.

6.0 RECLAMATION SURETY ESTIMATE

There has been no mining activity on this project, which remained non-operational over the past year. A surety of \$124,680 for reclamation is proposed (Appendix A), which was estimated using both WDEQ Guideline 12¹ and Cameco's well plugging unit cost estimate developed from actual costs incurred at Smith Ranch-Highland mine (see detailed basis provided in Appendix A). This represents an increase of \$37,685 from the January 2008 estimate of \$86,995. No operational or developmental activities are planned for the upcoming surety period.

Report prepared by Jean Flawler Date 1/28/09

¹ Wyoming Dept. Environmental Quality, Land Quality Div. October 8, 2008. Guideline 12 Standardized Reclamation Performance Bond Format and Cost Calculation Methods.

APPENDIX A

RECLAMATION SURETY ESTIMATE

CAMECO RESOURCES
NORTH BUTTE ISL PROJECT PERMIT No. 632
2009 SURETY ESTIMATE

TOTAL DECOMMISSIONING AND RECLAMATION COST ESTIMATE

I.	MISC. RECLAMATION COSTS	\$11,350
II.	WELL PLUGGING AND ABANDONMENT COSTS	\$88,395
	SUBTOTAL	\$99,745
	PROJECT MANAGEMENT AND MISCELLANEOUS COSTS (15%) ^a	\$14,960
	CONTRACTOR PROFIT, OVERHEAD, AND MOBILIZATION COSTS (10%) ^b	\$9,975
TOTAL CALCULATED SURETY (IN 2008 DOLLARS)		\$124,680

a - Based on WDEQ-LQD Guideline No. 12 (10/8/08): Section II(B)(12)(except b) and (13).

b - Based on WDEQ-LQD Guideline No. 12 (10/8/08): Section II(B)(12)(b).

CAMECO RESOURCES, NORTH BUTTE ISL PROJECT PERMIT No. 632
2009 SURETY ESTIMATE

I. MISC. SURFACE RECLAMATION

1 Exploration Camp (and Assoc. Road)	
A. Trailer Removal	
# Trailers	4
Removal Cost (\$/trailer)	\$1,000
Trailer Removal Costs	\$4,000
B. Fence Removal	
Length (ft)	300
Removal Unit Cost per WDEQ Guideline 12, App. H (\$/ft)	\$0.50
Total Fence Removal Costs	\$150
C. Seeding/Revegetation	
Area (acres)	1
Discing/Seeding (\$/acre)	\$500
Mulching (\$/acre)	\$300
Total Seeding/Revegetation Costs	\$800
Total Exploration Camp Reclamation Costs	\$4,950
2 Two-Track Roads	
Area (acres)	8
Discing/Seeding (\$/acre)	\$500
Mulching (\$/acre)	\$300
Total Two-Track Road Reclamation Costs	\$6,400
TOTAL MISC. RECLAMATION COSTS	\$11,350

CAMECO RESOURCES NORTH BUTTE ISL PROJECT PERMIT No. 632
2009 SURETY ESTIMATE

II. WELL PLUGGING AND ABANDONMENT

1 Plugging	
Assumptions: See attached "Well Plugging Unit Cost Detail" table (following page)	
Well Casing Diameter (in)	5
# Wells (based on 2005 field survey by Hydro-Engineering)	104
Average Well Depth (based on WSEO database)	669
Total Casing Length (ft)	69,541
Plugging Unit Cost ^a (\$/ft of casing)	\$1.23
Removal of Casing Top and Cement Plug Installation (\$/well)	\$22.50
Total Plugging Costs	\$87,875
2 Seeding/Revegetation	
# Sites	104
Seeding Unit Cost per WDEQ Guideline 12, App. L (\$/site) ^b	\$5
Total Seeding Costs	\$520
TOTAL WELL PLUGGING AND ABANDONMENT COSTS	\$88,395

Notes: ^a see "Well Plugging Unit Cost Detail" table following page: all wells plugged during one mob/demob using technique employed at Smith Ranch-Highland mine.
Based on 2008 labor and equipment costs at Smith Ranch-Highland mine.
^b Seeding of abandoned well locations to be completed in conjunction with seeding of Exploration Camp and two-track roads.

**CAMECO RESOURCES NORTH BUTTE ISL PROJECT PERMIT No. 632
2009 SURETY ESTIMATE**

Well Plugging Unit Cost Detail

Basis: All wells plugged during one mob/demob using technique employed at Smith Ranch-Highland
Based on 2008 labor and equipment costs at Smith Ranch-Highland

Productivity: 1 crew of 3 abandon 3500 ft of well daily

Daily Costs	Labor, Equip.	QTY	% utilization	Unit Rate	Units	Total Cost	Units
	Operators	3	100%	\$ 269.23	\$/man-day	\$ 807.69	\$ / day
	Tow vehicle diesel	8	50%	\$ 26.41	\$/hr	\$ 105.64	\$ / day
	Trailer gooseneck	8	50%	\$ 20.00	\$/hr	\$ 80.00	\$ / day
	Hose reel vehicle	8	50%	\$ 45.00	\$/hr	\$ 180.00	\$ / day
	Cementer	8	50%	\$ 45.00	\$/hr	\$ 180.00	\$ / day
	Water truck 4K gal	8	50%	\$ 120.00	\$/hr	\$ 480.00	\$ / day
	Backhoe CAT 426	8	25%	\$ 32.39	\$/hr	\$ 64.78	\$ / day
	Pickup gas	24	20%	\$ 29.28	\$/hr	\$ 140.54	\$ / day
Subtotal/day				Labor, Equip. Subtotal		\$ 2,038.65	\$ / day
Plugging Rate						3500	feet/day
						\$ 0.58	\$/foot
	Materials	QTY	Units	Unit Rate	Units	Total Cost	Units
	Cement/100 ft	7.5	sacks	\$ 7.62	\$/sack	\$ 57.15	\$/100 ft
	Plug Gel	1	sack	\$ 7.67	\$/sack	\$ 7.67	\$/100 ft
				Materials Subtotal		\$ 64.82	\$/100 ft
Total Daily Cost						\$ 4,307.35	\$ / day
Cost per Foot						\$ 1.23	\$ / foot