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July 27, 2009

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

RE: Highland Uranium Project, Permit to Mine No. 603, Monitor Well FM-8

Dear Mr. Spackman:

In accordance with NRC License Condition No. 11.5 and Section 8.4 of the Operations Plan for the Highland Uranium Project, Power Resources, Inc. d/b/a/ Cameco Resources (CR) is providing written notification that CR discovered and is self-reporting that confirmation sampling was not done as required within 24 hours for a monitoring well that exceeds two of the three Upper Control Limits. Results indicated that two of the Upper Control Limits were exceeded for Monitor Well FM-8 on July 7, 2009. Issues with the well were being investigated and resolved during that time. Results from July 7, 2009 were likely inaccurate because evacuation of one casing volume was not sufficient for this well to ensure sampling of formation fluids. The investigation ultimately showed that the well had failed at the 150 foot level. Monitor Well FM-8 is being replaced with a new monitor well that is being drilled this week.

Subsequent results for Monitor Well FM-8 show the well not to be on excursion. In addition, a trend analysis was done on Monitor Well FM-8 and neighboring wells, Monitor Well FM-7 and Monitor Well FM-9. Based on that analysis and knowledge of the wellfield, it is unlikely that Monitor Well FM-8 was on excursion on July 7, 2009. However, CR is doing an apparent cause analysis to determine causal factors and controls to prevent recurrence. Ms. Pam Rothwell and Mr. Lowell Spackman from WDEQ/LQD and Mr. Doug Mandeville from the NRC were notified by telephone on July 22, 2009. Additional information regarding the results of the investigation will be forthcoming.

If you have questions, please contact me at (307) 358-6541, Ext. 462.

Sincerely,



Krista Wenzel  
Manager, Environment, Health and Safety

cc: T. Cannon                      S. Collings                      S. Bakken                      M. Bryson  
T. Hewitt                          D. Kolkman                      B. Johnson                      File HUP 4.6.4.1  
D. Mandeville, USNRC (2 copies)