

Smith Ranch-Highland Operation Mail: P.O. Box 1210 Glenrock, WY 82637 USA

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December 16, 2009

U.S. Nuclear Regulatory Commission Attn: Document Control Desk Washington D.C. 20555-0001

Subject: Reply to a Notice of Violation Inspection Report 040-08964/09-002 Source Materials License SUA-1548, Docket Number 40-8964

Dear Sir / Madam:

Please find below Power Resources, Inc. d/b/a Cameco Resources (CR's) reply to the Notice of Violation issued by the Nuclear Regulatory Commission on November 16, 2009. This response is being provided in accordance with 10 CFR 2.201.

Summary of Violation

- 10 CFR 40.42 (h)(1) requires, in part, that licensees shall complete decommissioning of outdoor areas as soon as practicable but no later than 24 months following the initiation of decommissioning.
- 10 CFR 40.42 (i) states, in part, that the Commission may approve a request for an alternate schedule for completion of decommissioning outdoor areas, if the Commission determines that the alternative is warranted.
- Contrary to the above, the licensee failed complete decommissioning of Mine Units 1 and C within 24 months and failed to request an alternate decommissioning schedule. Specifically, the licensee began decommissioning of Mine Unit 1 during July 2006 and Mine Unit C during May 1999, both of which continue to be decommissioned, and the licensee had not requested an alternate decommissioning schedule until August 13, 2009.

Cameco Resources Response

1. Reason for the violation:

The size of the mine units, flow and piping capacity of the restoration circuit, waste water disposal capacity, and the need to maintain a hydrologic balance between the mining and restoration units, makes it technically infeasible to restore each mine unit in a 24 month period. Further, CR failed to recognize that the requirements of 10 CFR 40.42 (h)(1) applied to the

decommissioning (ground water restoration) of wellfields at in-situ leach (ISL) facilities and failed to request an alternate decommission schedule from the Commission.

2. The corrective steps that have been taken and the results achieved:

On July 31, 2009, CR submitted a license amendment request to revise portions of its current license related to groundwater restoration at its Smith Ranch – Highland Uranium Project. On August 13, 2009, CR submitted to Mr. Doug Mandeville of the NRC a Request for Alternate Schedule for Completion of Decommissioning (Groundwater Restoration) for Mine Units C, D, D-extension, E, F, 1, and 4/4A/4-extension. The US NRC staff accepted these requests for full review on September 2 and September 11, 2009, respectively. Groundwater restoration is currently taking place in mine units C and 1, with unit D scheduled to begin in January 2010.

3. The corrective steps that will be taken to avoid further violations:

CR is working closely with the Wyoming Department of Environmental Quality and the NRC to meet our commitments for groundwater restoration in our mine units. Work currently in progress includes: Increasing wastewater disposal capacity by installing new deep disposal wells, ongoing restoration in two mine units and preparations to begin restoration in three additional units in 2010, purchase of an additional 500 gallon/minute reverse osmosis unit for restoration support, continuing to refine our restoration process through pilot and small scale testing, and providing updates to our restoration schedule in the NRC semi-annual report. A formal request for restoration schedule changes will be sent to NRC as needed.

4. The date when full compliance will be achieved:

CR submitted to NRC an alternative schedule on August 13, 2009 explaining when reclamation efforts in each wellfield will take place. CR will be in full compliance upon NRC's approval of CR's alternative schedule.

If you have questions, please contact me at (307) 358-6541, ext. 474.

Sincerely,

ANGLE

Angelo Kallas Manager, Safety, Health and Environment

cc:	T. Cannon	K. Siebken	J. McCarthy	A. Faunce
	T. Young	T. Hewitt	L. Reimann	S. Bakken
	D. Mandeville (NRC) L. Spackman, WDEQ/LQD			File SR 4.6.4.1
	J. Whitten (NRC)			