



Department of Environmental Quality

To protect, conserve and enhance the quality of Wyoming's environment for the benefit of current and future generations.



Dave Freudenthal, Governor

John Corra, Director

October 22, 2010

Mr. Angelo Kallas
Cameco Resources, Inc.
PO Box 1210
Glenrock, WY 82637

Subject: September 2010 Inspection Report, Cameco Resources, Permits 603 & 633

Dear Mr. Kallas:

Please find enclosed the above referenced report. The September inspection was conducted with assistance from your staff on September 22, 2010. The inspection addresses the erosion concerns more recently identified in the Letter of Conference and Conciliation. Please review the report at your convenience. If you have any corrections, please respond in writing so that it may become part of the permanent record.

If you have any questions, please do not hesitate to contact me at prothw@wyo.gov or 777-7048.

Sincerely,

Pam Rothwell
District 1 Assistant Supervisor
Land Quality Division

cc: Joe Brister, Cameco Resources, Lakewood, CO
Douglas Mandeville, NRC



**SEPTEMBER 2010 INSPECTION REPORT
DISTRICT 1/LAND QUALITY DIVISION**

COMPANY: Cameco Resources (CR), Highland Ranch, Permit #603
& Smith Ranch, Permit 633

LOCATION: North of Glenrock, off Ross Road

DATE OF INPECTION: September 21, 2010

DATE OF REPORT : October 22, 2010

INSPECTORS: Pam Rothwell, LQD Permit Coordinator

CONDITIONS: Clear sky, 75, light breeze

COMPANY REPRENTATIVES: Ken Gaurought, SHEQ Coordinator
Steve Shire, SHEQ Coordinator

INTRODUCTION

The focus of the inspection was to evaluate the erosion repairs to the DDW#6 at Satellite SR-2 and near Header House K9. These locations noted significant erosion during the August 2010 inspection warranting prompt action to avoid further sedimentation to native areas.

INSPECTION

On arrival, a work crew was digging a large hole across the road from the call box just west of the entrance gate. It was explained to the inspector, that the spill which occurred in MU-1 earlier in the summer required the pipeline cutoff at this location to prevent future recurrence of another spill.

SR-2; DDW#6 Erosion

The well pad has been reclaimed in addition to the drainage west of the embankment which had failed and caused significant sediment in the drainage (Figure 1). A wellhouse now encloses the well. Topsoil was applied and seeded. A mesh fabric was used to stabilize the drainage until vegetation could stabilize the soil (Figure 2). Straw waddles were used at the top of the embankments along the drainage as well as across the drainage (spaced approximately 30- 40 feet) with stakes placed approximately 4 feet apart. There was new grass emerging in places.

The reclamation appeared adequate. An area of the slope break from the top of the reclaimed pad should be monitored for erosion where there is limited mulch/fabric protection (Figure 3). There is potential for rilling which could undercut the fabric below.

Mine Unit 9 Reclamation

The ephemeral drainage through MU-9 was examined for slope stability. LQD inspectors had previously identified potential for erosion on the slopes following the apparent unsuccessful revegetation. CR has used biomats in locations along the drainage to provide stability and to help revegetate the slopes (Figure 4). The re-vegetation was not obviously successful since the installation of the biomats, however, no further erosion was noted on the slopes. The northeast end of the MU-9 reclamation was noted to be unsuccessful. CR is evaluating their seeding methods used for this area and developing a plan for re-application of seed. Noxious weeds were not noted in the reclamation. The south end of the wellfield had new mulch installed but it did not appear crimped into the soil.

Header House (HH) 9-7 was inspected and noted to have the appropriate and current sign-in for inspection of the header house. The flow rates for injection and production were approximately 345 and 357 gpm respectively and the morning inspection time. The flow meters at the time of the LQD inspection had decreased to approximately 135 and 150 gpm respectively. CR explained that the MU-9 and MU-15 were undergoing well wash outs resulting in the temporary reduced flows.

Mine Unit 10 Development

Three drill rigs were operating in what appeared to be installation of the monitor well ring. Several well pad locations had been prepared for drilling in advance of the drill rig.

Mine Unit K, K-9 Erosion

The slope adjacent to HH-K9 had not received sediment controls. The fence line separating the disturbance from native had not received sediment protection. This site was identified with elevated concern during the August 17, 2010 inspection as approximately 10 inches of sediment was found on native areas approximately 30-40 feet beyond the fence line. The inspector explained that although the SR-2 erosion at DDW#6 was a priority for CR, this site is of equal concern for further disturbance to native. The inspector asked that sediment controls be installed as soon as possible to prevent further disturbance to the native, until the slope reclamation can be scheduled. The inspector again explained that the sediment controls need to be installed prior to disturbance.

COMPLIANCE ASSESSMENT

- 1 The reclaimed slopes at DDW#6 should be monitored for rill development which could undercut the erosion control fabric. The reclamation appears adequate; however, until vegetation is re-established, the slopes are not stable.
- 2 The re-vegetation in Mine Unit 9 has not been successful. LQD understands that CR is developing a plan to revegetate. LQD encourages the effort to complete the temporary reclamation of this wellfield. According to Noncoal Rules and Regulations, Chapter 3,

Section 2(d)(iii), After backfilling, grading, and contouring and the replacement of topsoil, and/or approved substitutes, revegetation shall be commenced in such a manner so as to most efficiently accommodate the retention of moisture and control erosion on all affected land to be revegetated.

- 3 The sediment controls have not been placed in Mine Unit K, Header House K-9. CR has focused resources on the repairs to erosion at DDW#6, however, LQD views all sedimentation issues on native ground with equal priority. CR should install preventive measures to limit additional sediment to native immediately. In addition, the unsuccessful reclamation effort in the wellfield should be reevaluated and seeding repeated to stabilize the soils (see Comment No. 2).
- 4 During the inspection, it was explained that a road widening and re-alignment project was planned for the access to Mine Units 15, 9 and 10. It is advised that CR discuss projects such as this prior to construction to ensure all regulatory requirements are met.

PHOTOS



Figure 1 Reclaimed DDW #6



Figure 2 DDW #6 stabilized channel

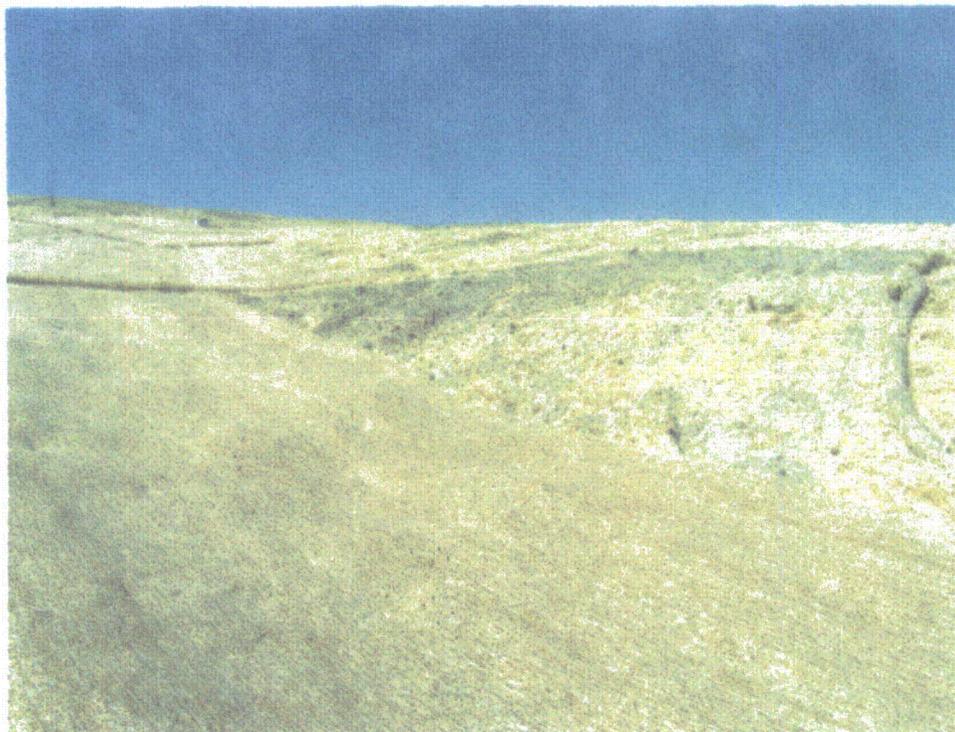


Figure 3 Reclaimed slope above channel that should be monitored for erosional rilling

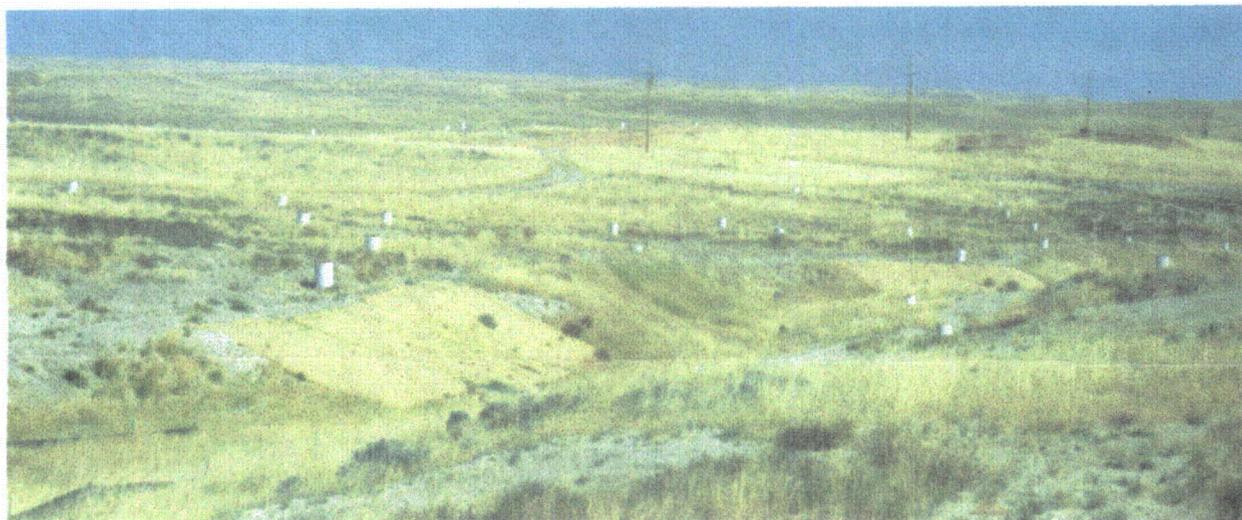


Figure 4 Biomats installed in MU9 drainage