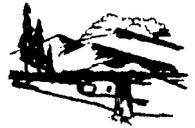




Department of Environmental Quality

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



Matt Mead, Governor

John Corra, Director

January 6, 2011

Mr. Joe Brister
Cameco Resources, Inc.
PO Box 1210
Glenrock, WY 82637

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

Dear Mr. Brister:

Please find enclosed the above referenced report. The December inspection was conducted with assistance from your staff on December 2, 2010. 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. Please, note there are two compliance requirements with a request to provide information within 30 days of receipt of the report.

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, Cheyenne, WY
Douglas Mandeville, NRC



**DECEMBER 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: December 2, 2010, 2010

DATE OF REPORT : January 5, 2011

INSPECTORS: Pam Rothwell, LQD Permit Coordinator

CONDITIONS: Partly cloudy, 35-40°, light breeze

COMPANY REPRENTATIVES: Dawn Kolkman, SHEQ Coordinator
Joe Brister, SHEQ Manager

INTRODUCTION

The focus of the inspection was to observe the new meteorological station, the solid waste disposal site, MU-1 restoration activities and the topsoil protection activities in areas of new wellfield development. In addition, LQD requested the point of compliance sample results for the discharge from the selenium plant to purge storage reservoir #2 (PSR2).

ACTIVITIES UPDATE (pre-inspection meeting with Tom Cannon, Angelo Kallas and Dawn Kolkman)

- Radium pond reclamation project – sampling is complete; purchased a new gamma spectrometer and staff will be receiving training to use the new equipment;
- Irrigation circle #2 – sample results are back, working on characterization report;
- MU-C – continuing with clean out of plugged wells, contracted a third party review for the final report to be submitted to LQD on December 15, 2010;
- Deep disposal wells – approvals for SHRUP #6 and #9 from WQD but CR is working on SOP for job hazard analysis protocols and sampling requirements with WQD
- MU-4 – permeate leak of tank, testing equipment, plan to start RO @ HH-4-4
- MU-1- in reverse osmosis @ 400 gpm, completed test of NaS (HH-1-5) with no loss of flow, however NaS freezes @ 40° F, so not useful for year-round operations as a reductant
- MU-E – continuing to install restoration wells
- Selenium Plant discharge samples provided:

Samples	July 14, 2010	August 12, 2010
Uranium	.246mg/L	0.3mg/L
Selenium	.009mg/L	.015mg/L
Radium	.57pC/L	5.8pC/L

INSPECTION

Solid Waste Disposal

The disposal site was contained within a fenced area and included a stockpile of wood wastes; primarily wood pallets. Bags of an unknown product were also noted (**Figure 1**). CR stated they have a solid waste disposal permit from DEQ.

MU-1

The NaS tank was noted at HH-1-5 (**Figure 2**). It was disconnected and empty as the reductant could not be used during freezing (winter) conditions.

Meteorological Station

The station was operational as demonstrated with the computer display in the office (**Figure 3**).

MU-E and MU-D

Two rigs were working on restoration well installation and trenching in MU-E; No activity reported in MU-D.

MU-C

No drill rig was found in the MU-C area cleaning out the plugged wells.

K-North Development

Six drill rigs were active in the K-North development. Topsoil was segregated into piles away from the drill sites for areas of development and fenced off with a single strand fence (**Figure 4**).

COMPLIANCE AND ASSESSMENT

- 1 Following the inspection, the LQD requested additional sample results for the discharges from the Selenium plant and the dates that the plant was in operation during 2010. LQD is concerned with the untimely response for this information. **Please provide the additional sample data and the dates of the pond usage for 2010 within 10 days of receipt of this report.**
- 2 LQD was contacted by DEQ/Solid & Hazardous Waste Division (SHWD) on January 3, 2011 requesting information regarding a waste disposal permit for the Smith-Highland Facility. Neither the SHWD nor the LQD could confirm an active permit exists for the site. CR stated during the inspection that they have a solid waste permit, therefore, the inspector did not verify the waste consisted of only clean fill. Clean fill is defined by the SHWD as rubbelized asphalt, broken concrete, brick and dirt. Wood and metal wastes are not allowed to be buried on a mine site without a valid permit from the SHWD. As a result of the new information which questions the existence of a valid solid waste permit from SHWD, LQD requests detailed information regarding disposal of any

decontaminated and/or construction wastes at the mine site. An inventory of all decontaminated or construction wastes that have been disposed on-site is requested. In addition, invoices are requested for disposal of decontaminated or construction wastes, etc. that have been hauled from the site to an acceptable disposal facility. **Please provide a response within 10 days of receipt of this report.**

- 3 In light of the new information regarding CR's lack of a valid Solid Waste permit, CR will need to describe the material in the bags mixed with the wood pallets which were noted during the inspection.

PHOTOS



Figure 1 Solid waste disposal site.

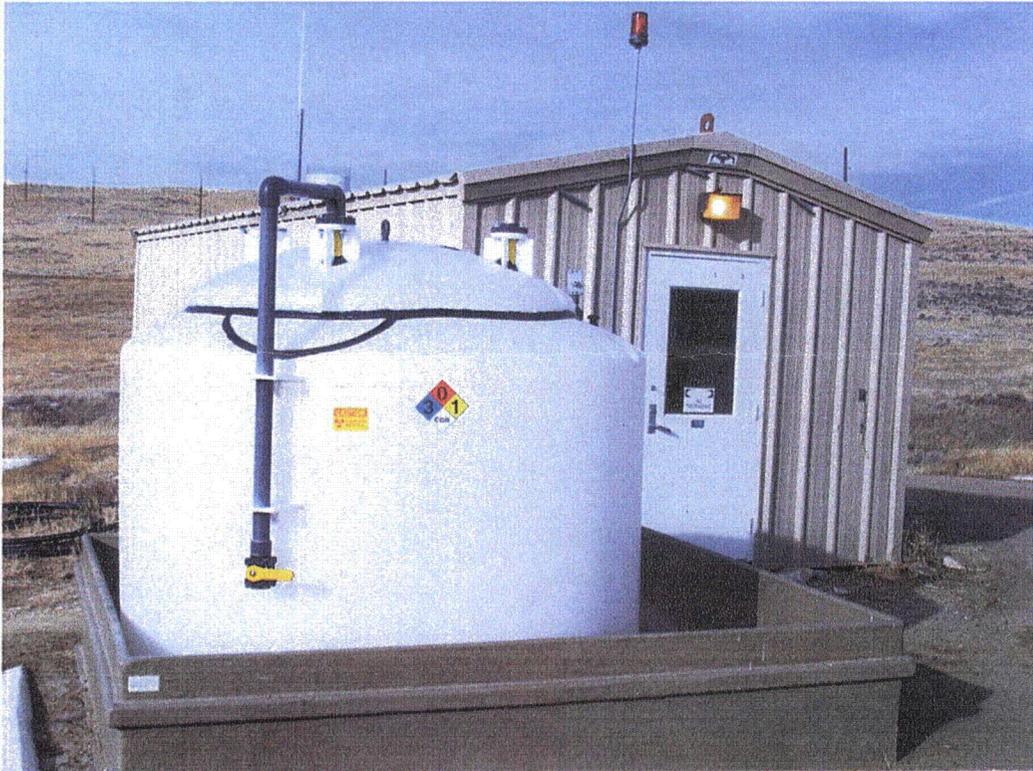


Figure 2 MU-1- HH-5 and NaS tank used as reductant.

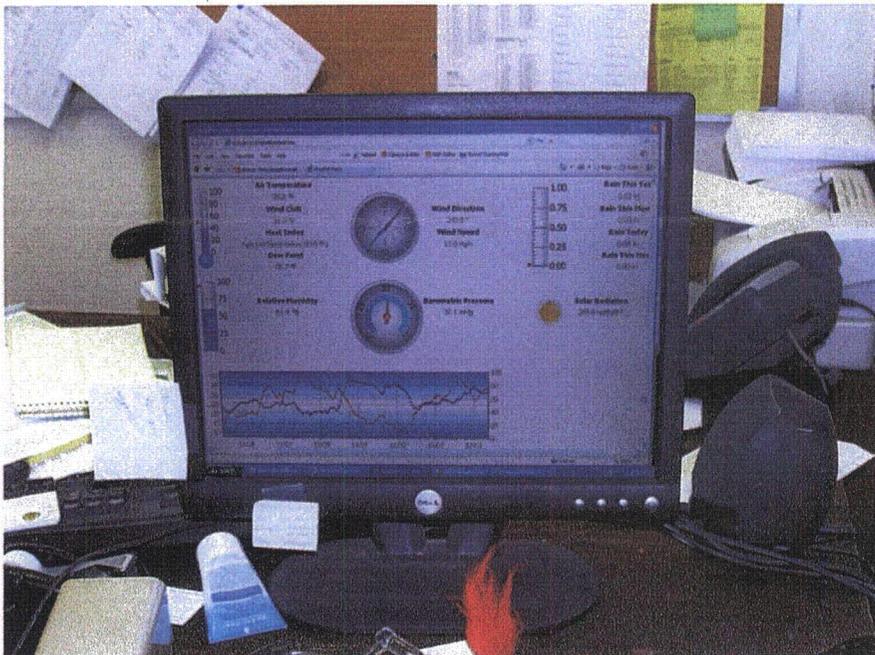


Figure 3 Computer display of met station information

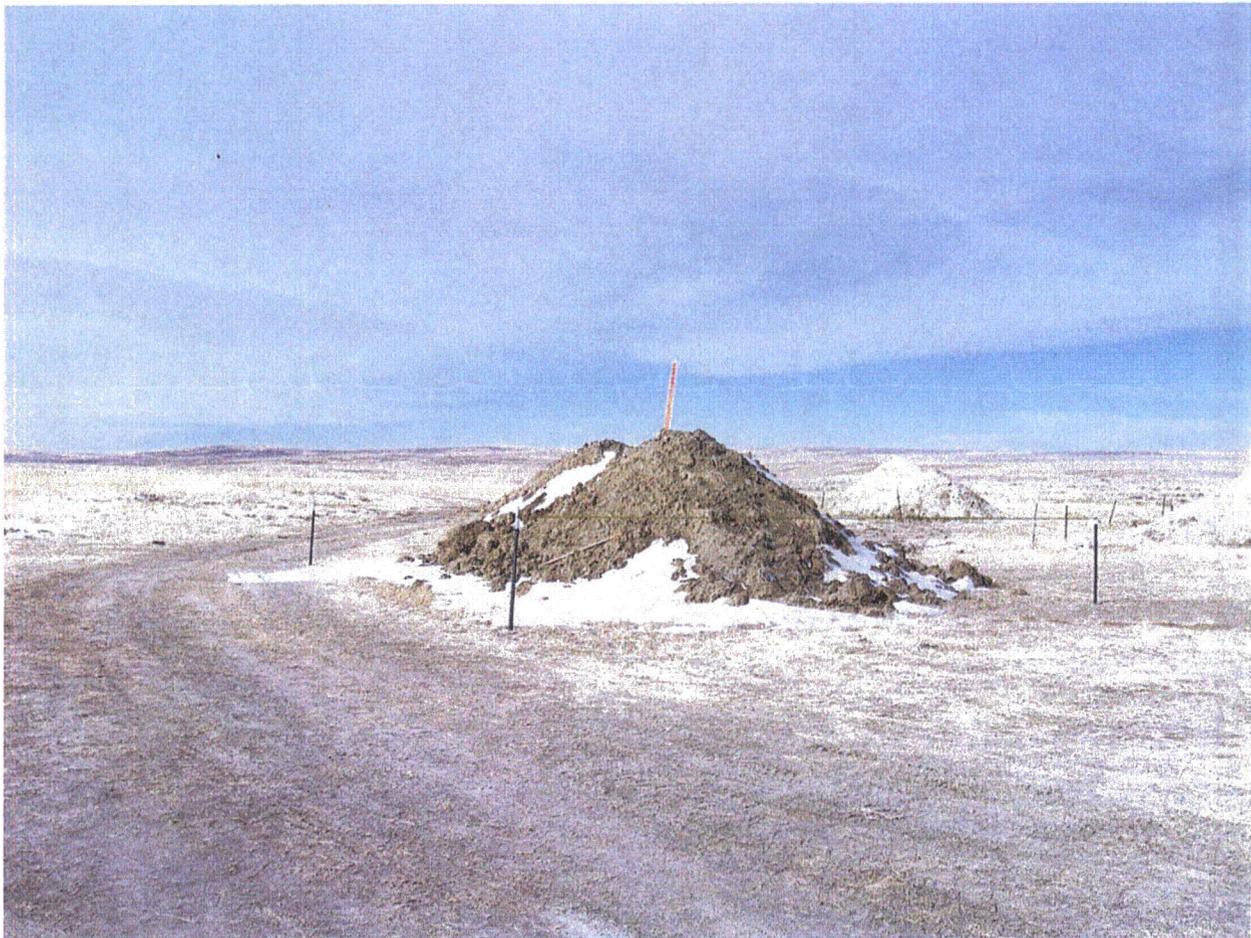


Figure 4 Topsoil segregation at MU-K North