



CAMECO RESOURCES
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June 21, 2011

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

CERTIFIED MAIL #70092820000140462638 RETURN RECEIPT REQUESTED

**RE: Excursion at Monitor Well DM-10, Cameco Resources Highland Uranium Project,
Permit to Mine No. 603**

Dear Mr. Spackman:

In accordance with WDEQ/LQD Chapter 11 regulations, Section 8.4 of the Operations Plan for Permit 603 and NRC License Condition No. 11.5 for the Highland Uranium Project, Power Resources, Inc. d/b/a/ Cameco Resources (Cameco) is providing written notification that Monitor Well KM-031 confirmation monitoring results, received June 16, 2011 showed it to be on excursion status on June 15, 2011. Ms. Pam Rothwell from WDEQ/LQD, and Mr. Doug Mandeville from the NRC were notified by telephone and email on June 16, 2011.

Analytical results of June 15, 2011 for the routine sample taken on June 14, 2011 indicated a potential exceedance in two of the three parameters (alkalinity and conductivity). Cameco collected a confirmation sample from the monitor well and analyzed it with a quality assurance duplicate on June 15, 2011. Results of the laboratory analyses confirmed the exceedance of Upper Control Limit (UCL) parameters as shown below.

Sample Date	Chloride (mg/L)	Alkalinity (mg/L CaCO ₃)	Conductivity (µMhos/cm)
	UCL 16	UCL 149	UCL769
6/15/2011	8	151	770
6/14/2011	8	150	772

Monitor Well KM-031 is located in Mine Unit K as illustrated on the attached map and belongs to monitor wells installed for monitoring the lower portion of Mine Unit K. Cameco is investigating the cause of the excursion to identify and apply the appropriate corrective actions to resolve the excursion. Sampling of monitor wells adjacent to KM-031 does not show any water quality concerns. Cameco is therefore reviewing the baseline sampling and approved upper control limit (UCL) parameters for comparison of adjacent monitoring wells KM-030 and KM-032. Additionally, Cameco will be sampling Monitor Wells KM-002 and KM-003. These two monitoring wells are located in the original monitor well ring, which are no longer part of the production sampling for Mine Unit K. The monitor wells are illustrated on the attached map. The water samples for these wells will be collected and analyzed to compare quality analysis with Monitor Well KM-031. Weekly samples will be collected to monitor the UCL constituents until the excursion is resolved. The excursion at Monitor Well KM-031 has been added to the monthly Excursion Report Summary and will be identified on the Cameco Resources site map.

Pursuant to WDEQ/LQD Chapter 11, Section 2 a duly authorized representative certification is attached.

Please contact Dawn Kolkman at (307)358-6541 ext. 435 or Dawn_Kolkman@cameco.com if you have any questions.

Sincerely,



Tom Cannon
General Manager of Operations

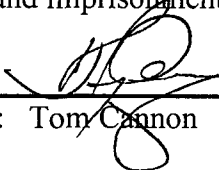
LTC/dk

Attachment: 1) Map
2) Duly Authorized Representative Certification

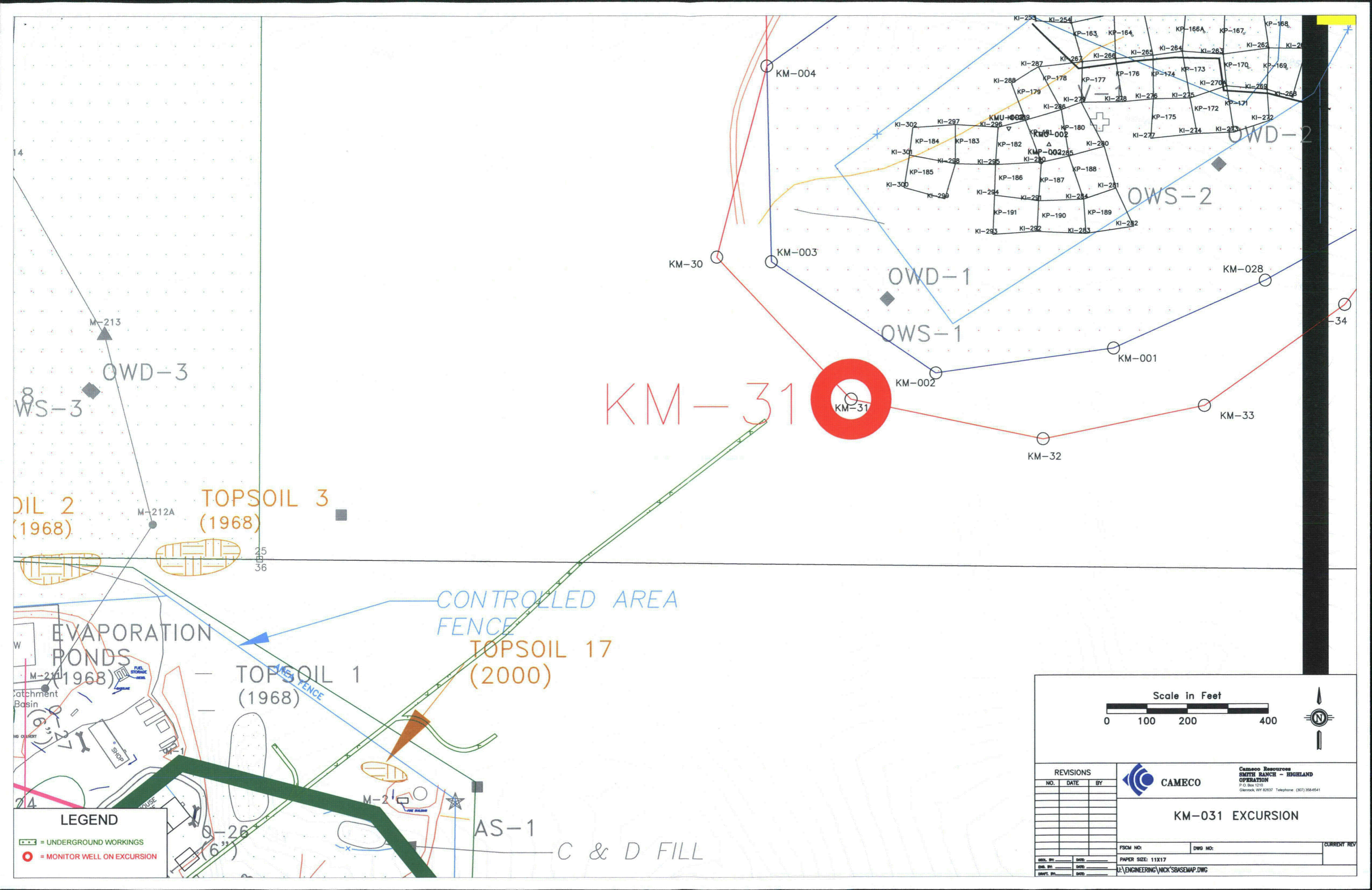
cc: D. Mandeville, USNRC (2 copies) File HUP 4.6.4.1
ec: CR-Cheyenne

Duly Authorized Representative Certification

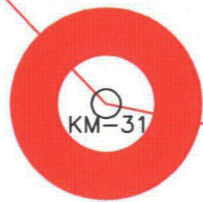
I certify under penalty of law that this document and all attachments were prepared under my direction and supervision in accordance with a system designed to assure that qualified personnel properly gather and evaluate the information submitted. Based on my inquiry of the person or persons who manage the system, or those persons directly responsible for gathering the information, the information submitted is, to the best of my knowledge and belief, true, accurate and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment for known violations.


Duly Authorized Representative: Tom Cannon

6.21.11
Date:



KM-31



LEGEND

- = UNDERGROUND WORKINGS
- = MONITOR WELL ON EXCURSION

Scale in Feet

REVISIONS				Cameco Resources SMITH RANCH - HIGHLAND OPERATION P.O. Box 1210 Glenrock, WY 82837 Telephone: (307) 358-6541
NO.	DATE	BY		
			KM-031 EXCURSION	
			FSCM NO:	DWG NO:
			PAPER SIZE: 11X17	
			J:\ENGINEERING\NICK\SBASEMAP.DWG	

TOPSOIL 2 (1968)

TOPSOIL 3 (1968)

EVAPORATION PONDS (1968)

TOPSOIL 1 (1968)

CONTROLLED AREA FENCE

TOPSOIL 17 (2000)

AS-1

C & D FILL