

**CAMECO RESOURCES
CROW BUTTE OPERATION**



**86 Crow Butte Road
P.O. Box 169
Crawford, Nebraska 69339-0169**

**(308) 665-2215
(308) 665-2341 – FAX**

July 25, 2011

**CERTIFIED MAIL
RETURN RECEIPT REQUESTED**

Michael Linder, Director
Nebraska Department of
Environmental Quality
P. O. Box 98922
Lincoln, Nebraska 68509-8922

Dear Mr. Linder:

On July 18, 2011, Crow Butte Resources, Inc. (CBR), d/b/a Cameco Resources – Crow Butte Operation, notified Jenny Coughlin, Groundwater Geologist UIC/ME, at Nebraska Department of Environmental Quality (NDEQ), that two wells had failed the five year MIT criteria at the Crow Butte Mine. P-3096 and I-968 both failed in the upper portions of the cased interval.

CBR's initial briefing report to NDEQ estimated the water levels for these wells to be near the failure points. CBR stated their intention at that time to install monitoring test holes near both of the failed wells to collect and sample any water that may be present for evidence of mining solution.

Subsequent water level measurements in the wells were completed and reviewed with Dave Carlson of the Chadron NDEQ field office. A water level of 98.6 feet was found in P-3096. This places the static water level of the Chadron Formation approximately 58 feet below the failed casing joint. Mr. Carlson reviewed the geophysical and lithology logs for P-3096 and after consultations with Ms. Coughlin, determined that the likelihood for contamination in P-3096 was minimal.

Therefore, CBR wishes to revise the response plan for P-3096. Based on a more complete review of the data by CBR and NDEQ staff, CBR will not drill an additional monitoring well near P-3096. At this time, Crow Butte intends to repair P-3096 by installing a sleeve to cover the failed joint. The well will then be re-MIT'd to ensure that the repair is sufficient. If CBR is unable to repair the well, then it will be abandoned according to approved methods.

Three additional monitoring wells will be drilled in proximity to well number I-968 in Mine Unit 5. These three wells will be drilled to a depth of at least 25 feet to collect any water that may be present for evidence of mining solution.

CROW BUTTE RESOURCES, INC.



If you have any questions or concerns on this matter, please do not hesitate to call me at 308-665-2215 ext. 113.

Sincerely,

A handwritten signature in cursive script that reads "Wade Beins". The signature is written in black ink and has a long, sweeping underline that extends to the left.

Wade Beins
Senior Geologist

Enclosure

cc: Dave Carlson – NDEQ
Ron Burrows - NRC
CBO File
ec: Cheyenne Office