

CROW BUTTE RESOURCES, INC.

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



(308) 665-2215
(308) 665-2341 – FAX

August 3, 2011

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), Dave Carlson, of the NDEQ Chadron field office, and Ron Burrows, NRC Project Manager, that during routine 5-year Mechanical Integrity Testing (MIT), well number I-968 in Mine Unit 5, Wellhouse 18 failed the MIT criteria. Using isolation techniques, it was determined that the failure was the casing joint at the 20-foot level.

A review of the available geologic data indicates that the Brule Formation static water level is near the depth of the failed casing. On July 27, 2011, three holes were drilled with air to a depth of approximately 27 feet around the failed well. The holes were spaced approximately 25 to 35 feet to the southwest (968a), south east (968b) and north (968c) of I-968. After 24 hours, the holes were checked for the presence of water. Only one of the holes, 968c, contained water. The water sample from this hole had a conductivity of 540 umhos/cm. This result is consistent with Brule Formation water, and is considerably lower than Chadron Formation water and mining solution. Dave Carlson was present for the sampling of the water, and concurred that the water sample showed no evidence of contamination.

On July 27, 2011, a 10 foot long sleeve was set using a drilling rig to isolate the bad coupling. The patch used two K-packer assemblies on the bottom and one K-packer on the top of the sleeve.

The well was then re-integrity tested on August 1, 2011 to check the entire well interval from 613' to surface. This test was successful. Attached is a copy of the successful test.

If you have any questions or concerns on this matter, please do not hesitate to call me.

Sincerely,

Wade Beins
Senior Geologist

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



Nebraska Department
of Environmental Quality
Casing Integrity Test Report

Company: CBR Permit No: NEO 122611
Project: Crowbutte Well No: 968
Casing Type: Yelomine Diameter: 4 1/2"
Hole Depth: 690 Casing Depth: 679
Screened Interval(s): 633 - 658
Depth to K-Packer: 623 Depth to Test Packer(s): Top - Ground Level
Comments: Bottom - 613
Sleeve Top @ 15'

TIME	ELAPSED TIME (Min)	PRESSURE (PSIG)
8:35	0	125
8:40	5	123
8:45	10	120
8:50	15	118
8:55	20	116

Test Performed By: Rich Dunn

Date: 8-1-11

Calibration Performed By: WJ

Date: 8-1-11

CERTIFICATION

I certify under penalty of law that I have personally examined and am familiar with the information submitted in this application and all attachments and that, based on inquiry of those individuals immediately responsible for obtaining information, I believe that the information is true, accurate, and complete. Further, I certify awareness that there are significant penalties for submitting false information, including the possibility of a fine and imprisonment.

By

Wade Beins

PRINTED NAME OF PERSON SIGNING

Senior Geologist

TITLE

By

Wade Beins
SIGNATURE

8-3-11

DATE



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Field measurements of the water levels in this production well indicate that the static water level for the Chadron Formation is approximately 50 feet below the failed joint. Because P-3096 has been operated only as a production well, it is unlikely that water levels have risen to the failed joint. A review of the available data with Dave Carlson was completed, and he concurred that contamination was unlikely.

On July 26, 2011, a 30 foot long sleeve was set using a drilling rig to isolate the bad coupling. The patch used two K-packer assemblies on the bottom and one K-packer on the top of the sleeve.

The well was then re-integrity tested on July 28, 2011 to check the entire well interval from 363' to surface. This test was successful. Attached is a copy of the successful test.

If you have any questions or concerns on this matter, please do not hesitate to call me.

Sincerely,



Wade Beins
Senior Geologist

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



Nebraska Department
of Environmental Quality
Casing Integrity Test Report

Company: CBR Permit No: NEU122611
Project: Crow Butte Well No: 3096
Casing Type: White Certilocks Diameter: 4.5
Hole Depth: 430 Casing Depth: 409
Screened Interval(s): 385-401
Depth to K-Packer: 373 Depth to Test Packer(s): Top Ground Level
Comments: 5 yr Retest - Skewed Bottom 363

TIME	ELAPSED TIME (Min)	PRESSURE (PSIG)
8:45	0	125
8:50	5	123
8:55	10	121
9:00	15	120
9:05	20	119

Test Performed By: Justin Didier

Date: 7-28-11

Calibration Performed By: JD

Date: 7-25-11

CERTIFICATION

I certify under penalty of law that I have personally examined and am familiar with the information submitted in this application and all attachments and that, based on inquiry of those individuals immediately responsible for obtaining information, I believe that the information is true, accurate, and complete. Further, I certify awareness that there are significant penalties for submitting false information, including the possibility of a fine and imprisonment.

By Wade Beins
PRINTED NAME OF PERSON SIGNING

Senior Geologist
TITLE

By Wade Beins
SIGNATURE

8-3-11
DATE