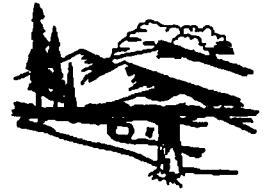




Department of Environmental Quality



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

Matthew H. Mead, Governor

John Corra, Director

August 19, 2011

Mr. Jon Winters
Uranium One, USA
Suite 260
907 N. Poplar Street
Casper, WY 82601

RE: Uranium One's Irigaray-Christensen Ranch Permit No. 478, Docket No. 4831-11

Dear Mr. Winters:

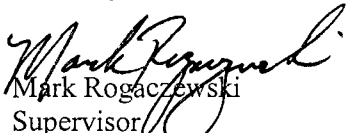
Glenn Mooney and I have completed our reviews of the Draft White Paper you emailed to Mr. Mooney on July 29, 2011. A memo containing our consolidated review comments is attached.

As noted in the memo, we feel that the White Paper devoted too much space to the details of the events leading up to the violation. We request more attention be given to explaining how other in situ uranium operations can set up checks and balances to prevent violations of this nature.

We hope to draw on your company's lengthy institutional experience and turn this violation into a learning experience. It is our hope that a guidance paper will be created out of this situation that will be of value to the numerous new start-up operators that lack your institutional experience.

We request that you rewrite the paper with new start-up operators as your target audience, taking the recommendations mentioned in the attached memo into account.

Sincerely,


Mark Rogaczewski
Supervisor
LQD District III

mr/gm

Attachment

CC: Cheyenne File (with attachment)
Ron Linton, U.S. Nuclear Regulatory Commission, Mail Stop: T-7J8, Washington, DC
20555-0001 (with attachment)



MEMORANDUM

TO: Uranium One's Willow Creek Project, Permit No. 478

FROM: Mark Rogaczewski, Supervisor, LQD District III *MRK*
Glenn Mooney, Senior Geologist *GM*

DATE: August 18, 2011

SUBJECT: Review of Draft "White Paper" Submitted as Part of Settlement of NOV, Docket No. 4831-11

Introduction

As part of the settlement of the NOV issued to Uranium One for failure to carry out required monitoring of wells in Mine Unit 7, Uranium One was offered the opportunity to turning the situation into a learning experience for themselves and other in situ operators. The violation was the result of a multiple-point breakdown in communications throughout a large portion of the mine organization at the Willow Creek Project.

It was agreed that Uranium One would write a white paper on the subject that then would be offered to the public through the Wyoming Mining Association.

In an email on July 29, 2011, Jon Winter of Uranium One sent a draft of the white paper and invited the Land Quality Division District III office staff to review it.

Discussion

Our first impression of the paper was that it devoted too much space to the violation itself and not to the setting up of a system that would prevent similar violations.

As detailed in the paper, the violation resulted from the following:

- Some monitor wells needed new or replaced pumps
- Some wells were inaccessible due to trenching across access routes
- Samplers did not tell supervisors of problems with wells
- There was a misunderstanding among the samplers, environmental technician, and lab supervisor as to the times the lab would not accept samples
- Some samples were collected but not turned in for analysis
- The lab manager mentioned the missing samples to the environmental technician and radiation safety officer several times.

A Root Cause Investigation was conducted. Corrective actions resulted in changes to the company Safety, Health and Environment (SHE) organization.

The discussion provided by Uranium One is very detailed. They could remove or delete the reporting section of the paper as Uranium One already explains why the Notice of Violation was written in the background section.

Recommendations

As the paper is currently written, we are unsure how it could help other companies avoid similar problems.

One thing we think might be of interest to other companies is that this situation occurred at a company that had carried out monitoring operations at this and nearby locations for more than 35 years; they were not a start-up with little institutional experience.

We believe the white paper should be directed more at instructing how to set up an environmental monitoring system with checks and balances with the emphasis on training all levels of the organization.

More specifically, the following issues should be addressed:

- If the samplers cannot get samples for whatever reason, information on the problem needs to flow up the chain of command
- Maintenance must be informed of defective wells/pumps and relay the information when repairs have been made to both the samplers and the supervisors
- The lab must know what samples are to be expected and when to expect them. If they are not routinely received, this information must be communicated to both the samplers and supervisors.
- The personnel responsible for entering the data into the database should immediately query the lab when expected data is missing for wells. The supervisors must also be informed.

The supervisors must be alert to:

- Defective/inaccessible wells from the samplers
- Status reports on well/pump repairs to and from the maintenance group
- Reports of missing samples from the lab
- Reports of missing data from the IT data entry clerk

Many of the coal mines have routine morning meetings where anticipated problems are discussed including:

- Operational problems causing access issues
- Weather related issues
- Staffing deficiencies caused by health, vacation, training issues

This practice could be adopted in some way by in situ uranium operations.

Review of Uranium One White Paper
Permit No. 478
August 19, 2011
Page 3

Please consider adding a flow chart of possible actions, generic forms or print-outs of digital communications to illustrate the flow of information.

The message we desire the paper to convey to other companies is how to set up a system for environmental compliance that assures any breakdown in communication is immediately caught before a violation results.

\mr\gm

cc: Cheyenne File

STATE OF WYOMING
DEPARTMENT OF ENVIRONMENTAL QUALITY

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