



CAMECO RESOURCES
*Smith Ranch-Highland
Operation*
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August 31, 2011

Mr. Lowell Spackman, District 1 Supervisor
Land Quality Division
Wyoming Department of Environmental Quality
Herschler Building
122 West 25th Street
Cheyenne, WY 82002

CERTIFIED MAIL # 7010 0780 0001 6001 9886 RETURN RECEIPT REQUESTED

RE: East Storage Pond Leak, Cameco Resources, Smith Ranch-Highland Uranium Project, Permit to Mine No. 633

Dear Mr. Spackman:

On August 3, 2011, Power Resources, Inc. d/b/a Cameco Resources (Cameco) provided written notification to Wyoming Department of Environmental Quality, Land Quality Division and the Nuclear Regulatory Commission regarding a leak into secondary containment discovered on June 13, 2011 at the East Evaporation Pond.

Cameco drained the pond to investigate the leak into secondary containment and repaired a tear in the primary liner on July 7, 2011. Following repairs, water was returned to the pond. On August 15, 2011 water was again discovered in the East Evaporation Pond Sump. Verbal notification was made to Ms. Pam Rothwell of the Land Quality Division, Wyoming Department of Environmental Quality and Mr. Doug Mandeville, Project Manager of the Nuclear Regulatory Commission on August 16, 2011.

The pond level was lowered for the second time to reexamine the primary liner. Another tear was discovered and repairs were made August 29, 2011. Following repairs, water is being returned to the pond. Routine monitoring will continue to ensure no leakage occurs as the water level rises above the area of repair. At this time the water level has not risen above the area of repair.

Samples were collected from the sump on August 16, 2011 and analyzed for chloride, specific conductance, uranium, bicarbonate and sulfate. Results are provided in the table below along with the results of the samples taken in June. Weekly samples were not collected in the month of July or August 2011 due to the sump remaining dry. A monthly sample was not collected in the month of July 2011 due to the sump remaining dry. A monthly report will continue to be submitted until the repairs are complete.

Weekly Sample Results

| Sample Date | Chloride (mg/L) | Conductivity (mS/cm) |
|-------------|-----------------|----------------------|
| 06/15/2011 | 257 | 3194 |
| 06/20/2011 | 413 | 3645 |
| 08/15/2011 | 464 | 3647 |
| 08/16/2011 | 435 | 3924 |

Monthly Sample Results

| Sample Date | Chloride (mg/L) | Conductivity (mS/cm) | Bicarbonate (mg/L) | Uranium (mg/L) | Sulfate (ppm) |
|-------------|-----------------|----------------------|--------------------|----------------|---------------|
| 06/20/2011 | 413 | 3645 | 925 | 248 | 905 |
| 08/16/2011 | 435 | 3924 | 811 | 158 | 947 |

A monthly report will continue to be submitted until the repairs are complete. Please contact Larry Teahon at (307) 358-6541 ext. 435 if you have questions.

Sincerely,



Brent Berg
General Manager

BB/vg

cc: Mr. Doug Mandeville – NRC Project Manager (2-copies)
File SR 4.3.3.1 File SR 4.3.3.4
ec: CR-Cheyenne