



September 15, 2011

Ms. Pam Rothwell  
District I Assistant Supervisor  
Wyoming Department of Environmental Quality  
Land Quality Division  
Herschler Building, 3 Floor-West  
Cheyenne, WY 82002

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RE: Additional Explanation & Discussion, Missed Samples and Other Self-Identified Violations (Non-conformances), Cameco Resources, Permit 603 and 633

Dear Ms. Rothwell:

Power Resources Inc. d/b/a Cameco Resources (Cameco) is herein providing added information and discussion regarding missed uranium analyses, missed sampling of wells, scheduled 5 year MITs missed, and wells plugged but not reported. Pursuant to Chapter 11 Noncoal In Situ Mining, Section 9 (a) (vii) (B), Cameco self-identified these non-conformances and notified the Wyoming Department of Environmental Quality (WDEQ) - Land Quality Division (LQD) in correspondence dated in May and August of 2011. Subsequent to meetings held with LQD in August of 2011, Cameco commits to give LQD written notifications to discuss the reason for an occurrence of a non-conformance specific to the event with openness and transparency. Notwithstanding, Cameco recognizes written notifications to the LQD are a matter of public record and thus will focus on the problem associated with a non-conformance and not the person(s) involved.

Below are the referenced non-conformances LQD listed in correspondence dated August 8, 2011 for Missed Samples and Other Self-Identified Violations. An explanation specific to the event is provided with added discussion associated with the non-conformance.

***Missed uranium analyses on wells CM-032 & DM-003 on February 15, 2011.***

- In a letter dated June 2, 2011 providing responses to the Letter of Conference & Conciliation from LQD dated May 2, 2011, an explanation was provided involving Cameco's miscommunication that a uranium analysis was needed on these wells to an oncoming employee after a shift change.
- Additionally but not described in the letter, Cameco did not recognize the missed uranium analyses in subsequent reviews of the February 15<sup>th</sup> lab data. In light of personnel

changes and management reorganization that took place December 2010 into January 2011, Cameco's SOPs were not adequate to ensure quality assurance checks were being done.

### ***Additional Non-conformances***

#### ***1. Wells CP-173, CP-176, and FI-0257 plugged and abandoned without notification.***

- Contained in the 1<sup>st</sup> quarter, 2011 Excursion Monitoring Report for permit #603 these wells were identified as plugged and abandoned in previous years 2005, 1995, & 2007 respectively but not reported to LQD.
- Under TFN 5 1/226, Mine Unit C Restoration Wells, in correspondence dated March 22, 2011, Cameco was requested to research wells described in Table 1 as plugged and abandoned to determine when they were reported to LQD. A thorough review of records discovered that two wells CP-173 & CP-176 could not be verified in reports to LQD as being reported as plugged and abandoned. Upon discovery, Cameco included them in the quarterly report, 1<sup>st</sup> Qtr. of 2011. Earlier records at LQD may indicate otherwise, but Cameco was unable to verify this. As such, we felt it was important to self-identify and report this to LQD.
- Well FI-0257 was recorded in Cameco's data base incorrectly as well FI-0262 and being plugged in 2007. During routine 5 yr. MITs in the wellfield in March of 2011, it was discovered that well FI-0262 was not plugged but a good well that passed the MIT. Research into the records found that the MIT sheet for well FI-0262 was mislabeled as FI-0257 in 2005 passing an MIT. FI-0262 was reported in the 3<sup>rd</sup> Qtr. Excursion Monitoring Report of 2007 as plugged August 15, 2007. In actuality, FI-0257 was plugged. Upon discovery of this past error, Cameco reported this in the quarterly report, 1<sup>st</sup> Qtr. 2011.

#### ***2. Failure to perform a full suite analyses prior to commencing restoration on wells DM-014 and FM-004.***

- Cameco did not adequately review Mine Unit D-Extension Hydrologic Test Report under TFN 3 2/269 prior to commencing restoration concurrently in wellfields D and D-Extension in 2010. The wells DM-014 and FM-004 were designated as MP Wells (production zone monitoring) for D-Extension for the purposes of monitoring restoration progress. These references are found in the appendix J-baseline water quality data of the approved Hydrologic Test Report for Mine Unit D-Extension, dated November of 2000. Cameco has since began scanning and developing a database of historic records and commitments available to operations personnel. While much remains to be done with the database, we believe this will improve accessibility and search ability for Cameco employees.

#### ***3. Failure to monitor ET-4 and ET-5 excursion monitor wells.***

- Cameco did not ensure these wells were continued in the Mine Unit D-Extension monitoring schedule after October, 2010 when Mine Unit E-South was preparing to

commence restoration. Wells ET-4 and ET-5 (originally designated at trend wells in Mine Unit E) were re-designated as overlying monitor wells for D-Extension wellfield under the approved TFN 3 2/269 for the Mine Unit D-Extension Hydrologic Test Report and referenced in the appendix J-baseline water quality data, dated November, 2000.

**4. Missed 5 yr. mechanical integrity tests (MITs) on wells KP-029, KP-145, and CMP-020I.**

- Under permit 633, injection and production wells require 5 yr. MITs. Cameco did not recognize KP-029 and KP-145 require a 5 yr. MIT when their designation changed from a MP (production zone monitoring) well to a production well. Five year MITs are not required for MP wells. The initial completion of these wells was in February and March of 2006 respectively, hence the 5 yr. MITs were due. Cameco in the 1<sup>st</sup> and 2<sup>nd</sup> quarter of 2011 migrated MIT data from an existing data base to a new data base. The discovery regarding these two wells was made in April of 2011 and came too late to meet the 5 year requirement.
- CMP-020I is an unusually labeled injection well that the new data base could not recognize as needing an MIT. Cameco did not correctly classify this well when migrating MIT data to the new data base. This discovery was made in July, 2011. The well should have had an MIT in May of 2011.

Cameco continues to move existing historical data to new databases; this transition and improvements in quality assurance may find more historical errors. LQD is welcome to review the new databases and its implementation during future inspections to better define the quality assurance measures being developed.

Please contact Ken Garoutte at 307-358-6541, ext. 476 or [Kenneth\\_Garoutte@cameco.com](mailto:Kenneth_Garoutte@cameco.com) if you have any questions.

Respectfully,



Brent Berg  
General Manager

BB/kg

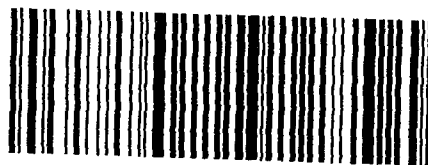
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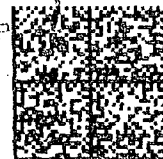


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