



CAMECO RESOURCES
Corporate Office
2020 Carey Avenue
Suite 600
Cheyenne, WY
82001 USA

Tel: (307) 316-7600
Fax: (307) 635-9949
www.cameco.com

October 14, 2011

Mr. Brian R. Wood, Hydrologist
WDEQ – Land Quality Division District II
510 Meadowview Drive
Lander, WY 82520

RE: Responses to Comment on 2010-2011 Annual Report for Gas Hills ISR Project In Situ
Permit to Mine No. 687: Missing Enclosure

Dear Mr. Wood:

On October 3, 2011, Cameco Resources (Cameco) provided a response to your August 23, 2011 letter regarding review of the 2010 Annual Report. This response discussed changes to our surety estimate and was to have included a revised surety estimate. Unfortunately, the letter we sent was an early draft and the enclosure was inadvertently omitted.

Enclosed, please find the correct version of our responses and the revised surety estimate for the Gas Hills project. This supersedes Cameco's October 3, 2011 letter to you. If you have any questions or comments regarding the attachment, please contact Jeanie Wolford at 307.333.7644 or email Jeanie_Wolford@Cameco.com.

Sincerely,
CAMECO RESOURCES

A handwritten signature in cursive script that reads "Jeanie Wolford on behalf of Josh Leftwich".

Josh Leftwich
Director of Radiation Safety and Licensing

Enclosure: Response to Comments
Appendix B Revised 2010-2011 Reclamation Surety Bond Estimate [table]: Part
II Well & Hole Abandonment, Part III Miscellaneous Surface Reclamation and
Total Reclamation Cost Estimate

cc: file GH 4.3.4.1
Cameco-Casper
Cameco-Cheyenne
J. Kaminsky/BLM Lander
NRC/Doug Mandeville



CAMECO RESOURCES
Project Development
550 N. Poplar Street
Suite 100
Casper, WY
82601 USA

Tel: (307) 237 - 2128
Fax: (307) 237 - 2142
www.cameco.com

October 4, 2011

Mr. Brian R. Wood, Hydrologist
WDEQ - Land Quality Division District II
510 Meadowview Drive
Lander, WY 82520

RE: Responses to Comments on 2010 – 2011 Annual Report for Gas Hills ISR
Project, In Situ Permit to Mine No. 687

Dear Mr. Wood:

Cameco Resources (Cameco) is writing to respond to your August 23, 2011 letter regarding the 2010-2011 Initial Annual Report Review. We are enclosing two (2) paper copies of responses and associated enclosures. The reclamation bond estimate revisions made in response to these comments as discussed below have increased the total bond estimate from \$2,996,700 to \$3,534,900.

WDEQ-LQD Comment 1:

No issues with Part 1, Building Demolition and Disposal, section of the bond estimate.

CR Response:

Comment noted. No response necessary.

WDEQ-LQD Comment 2:

Part 2, Well and Hole Abandonment. My understanding of the agreement between the WyDEQ/LQD and Cameco per an Alan Edwards letter was that the WyDEQ/LQD was willing to accept the \$2.50/ft. cost for active operations, such as Smith Ranch – Highland. However, for exploratory purposes and Moth-balled operations, the abandonment cost would remain at the levels described in Appendix L of Guideline 12. This revision raises

the sealing cost to approximately \$113,600.00 in Section A and in Section E, Subsection 1 to \$724,000.00.

CR Response:

Cameco is enclosing "Appendix B – Revised: Reclamation Surety Estimate". The enclosed revised estimate includes an update to Section A "Sealing of wells using high solids bentonite grout" from \$2.50/hole to \$4.00/hole <500' and \$6.28/hole >500', per guideline 12, Appendix L. The above change reflects an increase of surety of \$61,435 for a total of \$130,236 for Section A, and an increase of \$443,077 for a total of \$737,801 for section E.

WDEQ-LQD Comment 3:

Part 2, I take issues with some of the disposal costs as calculated.

CR Response:

Per discussion with Brian Wood, September 19, 2011 no further response is necessary.

WDEQ-LQD Comment 4:

Part 2, I have talked with the WyDEQ/LQD DIII staff regarding their approach to bonding where the subsurface work has been completed. Their approach has been to reduce the bond to \$150/hole (covers some light re-contouring, seeding, etc.) + a flat \$1000 mobilization fee, then the following year if there is some re-vegetation successes the bond is reduced to a nominal per hole charge to cover potential spot reseeding and weed spraying and a \$1000 mobilization fee. Based on this approach, I have reduced the estimate in Section E, Subsection 2 to \$12,200.00.

CR Response:

Cameco is enclosing "Appendix B – Revised: Reclamation Surety Estimate". The enclosed revised estimate includes an update to Section E, Subsection 2 to increase the surety from \$106/hole to \$150/hole and added a line item to cover the \$1000 mobilization fee. The above change reflects an increase of surety by \$10,044 for a total of \$37,695 for Section E.

WDEQ-LQD Comment 5:

Part 3, Miscellaneous Surface Reclamation, in my opinion, the road or overburden ripping costs are too high for what I would anticipate to occur. The likelihood that a D10

is brought in site is unlikely. I would assume a piece of equipment the size of a Cat D6 is more apropos in which case the cost should be in the vicinity of \$250.00/acre.

CR Response:

Cameco is enclosing "Appendix B – Revised: Reclamation Surety Estimate". The enclosed revised estimate includes an update to Part III: Section B; Subsection 2, Section C; Subsection 3, and Section D; Subsection 1a from the use of a D10 Dozer to a D6 Dozer reflecting a change from \$1104.19 to \$250 per acre. The above change decreased the Total Miscellaneous Surface Reclamation Costs by \$63,954, bringing the total to \$277,572.00.

If you have further questions or comments regarding these responses or the Annual Report, please contact Jeanie Wolford in the Casper office at telephone 307-333-7644, or e-mail Jeanie_wolford@cameco.com.

Sincerely,
Cameco Resources



Josh Leftwich
Director of Radiation Safety & Licensing

Enclosures: Appendix B Revised 2010 – 2011 Reclamation Surety Bond Estimate [table]; Part II Well & Hole Abandonment, Part III Miscellaneous Surface Reclamation and Total Reclamation Cost Estimate.

cc: file GH 4.3.4.2
J. Kaminsky / BLM Lander
D. Mandeville / NRC

JL/jmw

H:\Gas Hills\Regulatory\WDEQ\WDEQ-LQD\Annual Rpts Permit 687\2011\3Oct11
REV Surety Estimate 2010-11Annual Report.docx

APPENDIX B Revised

2011 - 2012 RECLAMATION SURETY BOND ESTIMATE

WDEQ Permit No. 687 Annual Report / NRC SUA-1548

Gas Hills ISR Project - Cameco Resources

Total Reclamation Cost Estimate

PART I.	BUILDING DEMOLITION AND DISPOSAL COST	\$1,507,554
PART II.	WELLS + HOLES ABANDONMENT COST - REV	\$1,042,765
PART III.	MISCELLANEOUS SURFACE RECLAMATION COST	\$277,572
SUBTOTAL RECLAMATION COST ESTIMATE		\$2,827,892
ADMINISTRATIVE, OVERHEAD, AND CONTINGENCY ITEMS (25%) ^a		\$706,973
TOTAL		\$3,534,865
TOTAL CALCULATED SURETY (IN 2010 DOLLARS^a), rounded up		\$3,534,900

^a Based on WDEQ-LQD Guideline No. 12 (11/2010)

APPENDIX B Revised

2011 - 2012 RECLAMATION SURETY BOND ESTIMATE
 WDEQ Permit No. 687 Annual Report / NRC SUA-1548
 Gas Hills ISR Project - Cameco Resources

	Unit Cost	Units	Est. QTY	Total
Part II. Well & Hole Abandonment				
A. Monitoring Wells^a				
Site Location ^a	\$10	well	54	\$540
Removal of surface steel casing, concrete apron	\$15	well	54	\$810
Sealing of wells using High Solids Bentonite Grout ^a				
(<500' depth, known average depth 364', assume 2/3 of all wells)	\$4.00	linear foot	13,089	\$52,355
(>500' depth, known average depth 614', assume 1/3 of all wells)	\$6.28	linear foot	11,059	\$69,449
Concrete Cap for well hole, pre-cast	\$7.50	ea	54	\$405
Rough site grading	\$30	site	54	\$1,620
Final Site Grading and Seeding (800 SF per well site, 2008 Actual)	\$52	site	54	\$2,808
Surface Reclamation of Monitor Wells P&A'd 2008	\$97	well	12	\$1,164
<i>Cost to Haul to Landfill (well protective casings & concrete):</i>				
Well Demolition Debris Waste volume, CY	--	CY	20	--
Assume per well (concrete pad 3' diam x 4' deep) + (steel csg 3/8" thick x 8" square x 5') = 0.36 CY/well X Qty wells				
Total trips @ 12 CY each	--	trips	1.6	--
Transportation via Dump truck (G/L 12 App. J), 2 trips/12-hr day	\$64.33	hr	--	\$633
Convert C&D waste volume to tons (0.24 tons / CY) ^b	--	tons	4.7	
Disposal Unit Cost (G/L 12, App.K)	\$95.70	ton	--	\$452
Subtotal Monitoring Well Abandonment Costs				\$130,236
B. Production Wells^a				
Removal of the Top Few Feet of Casing, per well	\$15	well	0	\$0
Sealing of wells using High Solids Bentonite Grout ^a				
(<500'depth)	\$4.00	linear foot	0	\$0
(>500' depth)	\$6.28	linear foot	0	\$0
Concrete Well Cap	\$15	ea	0	\$0
Subtotal Production Well Abandonment				\$0
C. Water Supply Wells Carol Shop #1 + GHWW1 (Fed 32-2)^{a, b}				
Removal of the Top Few Feet of Casing	\$15	well	2	\$30
Sealing of wells using High Solids Bentonite Grout (<500'depth)	\$4.00	linear foot	350	\$1,400
(>500' depth)	\$6.28	linear foot	1,675	\$10,519
(TD = 1325' GHWW1, TD = 350' Carol Shop 1)				
Concrete Well Cap @ \$15.00 ea.	\$15	well	2	\$30
Subtotal Water Supply Wells Abandonment				\$11,979
D. Waste Disposal Injection Wells				
1. Seal Well using high-solids bentonite grout	\$11.91	linear foot	10,350	\$123,269
Assume: TD = 3850' InjWell 1, TD = 6500' InjWell 2;				
sealing unit cost from Smith Ranch-Highland injection well (UIC) permit.				
2. Dismantle & Decontaminate Pumps [2012 install not planned]		pump	0	
Assume 2 pumps, 2 laborers, 4 days	\$258	day/person	0	\$0

APPENDIX B Revised

2011 - 2012 RECLAMATION SURETY BOND ESTIMATE
 WDEQ Permit No. 687 Annual Report / NRC SUA-1548
 Gas Hills ISR Project - Cameco Resources

	Unit Cost	Units	Est. QTY	Total
3. Remove & Dispose of Well Tubing String (NRC-Licensed Facility)				
Tubing String Length		feet	9,100	
Tubing String diameter (4.5 inches, N80)		in	4.500	
Tubing String volume, cubic feet (CF)		CF	279	
Transportation and Disposal	\$6.41	CF	279	\$1,785
Subtotal Waste Disposal Well Abandonment				\$125,054
E. Exploratory / Delineation Drilling				
1. Plugging, Abandonment, & Surface Reclamation for Proposed Holes				
Site Location ^a - Exploration Drilling	\$10	site	31	\$310
Site Location ^a - Delineation Drilling	\$10	site	100	\$1,000
Sealing of wells using High Solids Bentonite Grout ^e				
(<500' depth)	\$4.00	linear foot	0	\$0
(>500' depth) average depth = 880 feet	\$6.28	linear foot	131	\$723,958
Rough site grading @ \$35/site	\$35	site	131	\$4,585
Final Site Grading and Seeding, 800 SF/site ('07-'09 GH avg. unit cost)	\$61	site	131	\$7,947
Subtotal for 131 x 880' Holes (Planned 2011 Program)				\$737,801
2. Surface Reclamation Bond for Completed (P&A) Drill Holes				
drilled 2008 State Lease: 110 x 400' holes	\$150	hole	110	\$16,500
drilled 2008 Federal surface: 46 x 800' holes	\$150	hole	46	\$6,900
drilled 2009: 22 x 690' holes	\$150	hole	22	\$3,300
drilled 2010: 26 x 700' holes	\$150	hole	26	\$3,900
mobilization fee	\$1,000	flat rate		\$1,000
Drilling Water Pond: 48(long) X 48(wide) X 4(deep)	\$120	hr	5	\$600
Seeding of one staging/lay down area (60' X 60' = 0.08 acre) ^f	\$6,063	ac	0.08	\$485
Seeding of 2-track access to drill sites ^d	\$6,063	ac	0.83	\$5,010
Subtotal for Completed Drilling				\$37,695
TOTAL WELL + HOLE ABANDONMENT COSTS				\$1,042,765

a - WDEQ-LQD Guideline No. 12, Appendix L (11/2010)

b - Site Reclamation included in "Part III MISC SURF REC" table

c - G/L 12, Appendix Q

d - area estimate prepared for Gas Hills Drilling Notice of Intent letter to BLM Lander, 4/15/10.

e - Plug and Abandonment cost based on actual bids from Tyler Exploration, see Well Abandonment Unit Cost sheet.

APPENDIX B Revised

2011 - 2012 RECLAMATION SURETY BOND ESTIMATE

WDEQ Permit No. 687 Annual Report / NRC SUA-1548

Gas Hills ISR Project - Cameco Resources

Part III. Miscellaneous Surface Reclamation		Unit Cost	Units	Est. QTY	Total
A. Carol Shop/Office Area					
1. Topsoil Application					
Topsoil Surface Area			acres	21	
Topsoil Average Depth			feet	0.5	
Topsoil Application (WDEQ Guideline No.12, App.C)	\$1.413		CY	16,940	\$23,936
Assume: level ground, average haul distance =			feet	2,000	
Concrete, asphalt, and building material used to backfill low areas;					
2. Discing/Seeding					
from Smith Ranch-Highland '08 actual cost	\$685		acre	21	\$14,385
Subtotal Carol Shop/Office Area Reclamation					\$38,321
B. Carol Shop Road					
1. Gravel Road Base Removal					
Road Length			miles	5	
Road average width			feet	50	
Width Gravel Road Base			feet	50	
Road Base Average Depth			feet	0.5	
Road Base Volume			CY	24,444	
Gravel Road Base Removal (WDEQ Guideline No.12, App.C)	\$1.090		CY	24,444	\$26,644
Assume: level ground, average haul distance =			feet	1,000	
2. Ripping Overburden with D6¹					
	\$250.00		ac	30	\$7,500
3. Topsoil Application (WDEQ Guideline No.12, App.C)					
Topsoil Surface Area	\$1.090		SF	1,320,000	\$26,644
Topsoil Depth			feet	0.5	
Topsoil Volume			CY	24,444	
Assume: average haul distance =			feet	1,000	
4. Discing/Seeding					
	\$685		ac	30	\$20,550
5. Culvert Removal					
Culvert Removal (WDEQ Guideline No.12, App.J)	\$122.02		ea	40	\$4,881
Fill Removal/Drainage Reestablishment	\$500		ea	40	\$20,000
Subtotal Carol Shop Road Reclamation					\$106,220
C. AML Road Reclamation					
1. Gravel Road Base Removal					
Road Length			miles	4.3	
Road average width			feet	66.0	
Road surface area			ac	34.4	
Gravel Road Base Width			feet	66	
Average Road Base Depth			feet	0.5	
Road Base Volume			CY	27,749	
Gravel Road Base Removal (WDEQ Guideline No.12, App.C)	\$1.090		CY	27,749	\$30,247
Assume: level ground, average haul distance =			feet	1000	
2. Other reclamation areas associated with the road					
Topsoil Surface Area			ac	2.4	
Turnaround Area			ac	0.9	
Other reclamation areas			ac	3.3	
3. Ripping Overburden with Dozer					
Overburden Surface Area (acres)			ac	38	
Ripping Overburden with D6 ¹	\$250.00		ac	38	\$9,428

APPENDIX B Revised

2011 - 2012 RECLAMATION SURETY BOND ESTIMATE
 WDEQ Permit No. 687 Annual Report / NRC SUA-1548
 Gas Hills ISR Project - Cameco Resources

Part III. Miscellaneous Surface Reclamation		Unit Cost	Units	Est. QTY	Total
4. Topsoil Application (WDEQ Guideline No.12, App.C)		\$1.09	CY	30,419	\$33,157
Topsoil Surface Area			SF	1,642,648	
Topsoil Depth			feet	0.5	
Topsoil Volume			CY	30,419	
Assume: Average haul distance =			feet	1,000	
5. Discing/Seeding		\$685	ac	38	\$25,831
6. Culvert Removal					
Culvert Removal (WDEQ Guideline No.12, App.J)		\$122.02	ea	20	\$2,440
Fill Removal/Drainage Reestablishment (\$/each)		\$500	ea	20	\$10,000
Subtotal AML Road Reclamation					\$111,103
D. Surface Reclamation Water Supply + Waste Disposal Injection Wells					
1. Well Sites (2 supply wells + 2 disposal injection wells)					
Well Sites surface area			SF	261,232	
a. Ripping Overburden with D6 ¹		\$250.00	ac	6	\$1,500
b. Topsoil Application					
Topsoil Surface Area			SF	261,232	
Topsoil Depth			feet	0.5	
Topsoil Volume			CY	4,838	
Topsoil Application (WDEQ Guideline No.12, App.C)		\$1.09	CY	4,838	\$5,273
c. Discing/Seeding Surface		\$685	ac	6	\$4,110
Assume:					
Surface grade: Level ground					
Average haul distance (ft)					
2. Access Road Reclamation					
Road Length			feet	2,525	
Road average width			feet	20	
Road surface area			SF	50,500	
a. Gravel Road Base Removal					
Road Base Average Depth			feet	0.33	
Gravel Road Base Removal (WDEQ Guideline No.12, App.C)		\$1.09	CY	617	\$673
b. Ripping Overburden with D6 ¹		\$250.00	ac	1.16	\$290
c. Topsoil Application					
Topsoil Depth			feet	0.67	
Topsoil Volume			CY	1,253	
Topsoil Application (WDEQ Guideline No.12, App.C)		\$1.09	CY	1,253	\$1,366
d. Discing/Seeding		\$685	ac	1.16	\$795
Subtotal Water Supply + Disposal Wells Surface Reclamation					\$14,006
E. Demolition, Removal of Monitoring Stations					
Demol'n Surface Water Monitoring Stns (WDEQ Guideline No.12, App.N)		\$2,345.20	ea	3	\$7,036
Demol'n Air Quality Monitoring Stns (WDEQ Guideline No.12, App.O)		\$886.48	ea	1	\$886
					\$7,922
TOTAL MISCELLANEOUS SURFACE RECLAMATION COSTS					\$277,572

ac - acres

CF - cubic feet

CY - cubic yards

ea - each

ft - feet

lin. ft - linear feet

SF - square feet

QTY - quantity

1 8/23/2011 Letter from B. Wood; DEQ, re: 2010-2011 Annual Report