



CAMECO RESOURCES
*Smith Ranch-Highland
Operation*
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October 28, 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 # 7011 0470 0000 7716 1215 RETURN RECEIPT REQUESTED

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

Dear Mr. Spackman:

On June 20, 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.

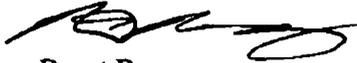
Cameco drained the pond to investigate the leak into secondary containment and repaired a tear in the primary liner on July 7, 2011. Following repairs, water was returned to the pond. On August 15, 2011 water was again discovered in the East Evaporation Pond Sump. Verbal notification was made to the Wyoming Department of Environmental Quality, Land Quality Division and the Nuclear Regulatory Commission on August 16, 2011 with written notification following in the monthly report on August 31, 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 risen to the area of repair but has not fully submersed it yet. No samples have been obtained since the August 15, 2011 leak was discovered due to the sump remaining dry.

FSME 20

A monthly report will continue to be submitted until the water level in the pond has submersed the area of repair and Cameco ensures that the repair was successful. Please contact Ken Garoutte at (307) 358-6541 ext. 476 if you have questions.

Sincerely,



Brent Berg
General Manager

BB/vg

cc: File SR 4.3.3.1 File SR 4.3.3.4
Mr. Doug Mandeville – NRC (2 Copies) Certified Mail # 7011 0470 0000 7716 1253
Document Control Desk, NRC Certified Mail # 7011 0470 0000 7716 1260

ec: CR-Cheyenne