

**CAMECO RESOURCES
CROW BUTTE OPERATION**



**86 Crow Butte Road
P.O. Box 169
Crawford, Nebraska 69339-0169**

**(308) 665-2215
(308) 665-2341 – FAX**

May 29, 2012

**CERTIFIED MAIL
RETURN RECEIPT REQUESTED**

Michael Linder, Director
Nebraska Department of Environmental Quality
P. O. Box 98922
Lincoln, Nebraska 68509-8922

Dear Mr. Linder:

On May 25, 2012, during routine 15-year Mechanical Integrity Testing (MIT), well number SM6-5 in Mine Unit 6, Wellhouse 21 failed the MIT criteria. Using isolation techniques, it has been determined that the failure is at the 35 foot level which is at the top of a 70 foot sleeve. Jenny Coughlin, Groundwater Geologist UIC/ME, at Nebraska Department of Environmental Quality (NDEQ), Lindsey Phillips, of the NDEQ field office in Chadron, and Ron Burrows, NRC Project Manager were notified concerning this well on May 25, 2012 at 11:55 a.m. MDT.

This well is a shallow monitor well which is sampled bi-weekly. The failed joint is approximately 5 feet above the static water level for the Brule Formation. Based on the location of the failure the likelihood for contamination is minimal. The most recent sampling results for SM6-5 are enclosed for your review.

At this time, Crow Butte intends to repair SM6-5 by replacing the sleeve so that it covers the failed joint. The well will then be re-MIT'd to ensure that the repair is sufficient. If CBR is unable to repair the well, then it will be abandoned according to approved procedure.

If you have any questions or concerns on this matter, please do not hesitate to call me.

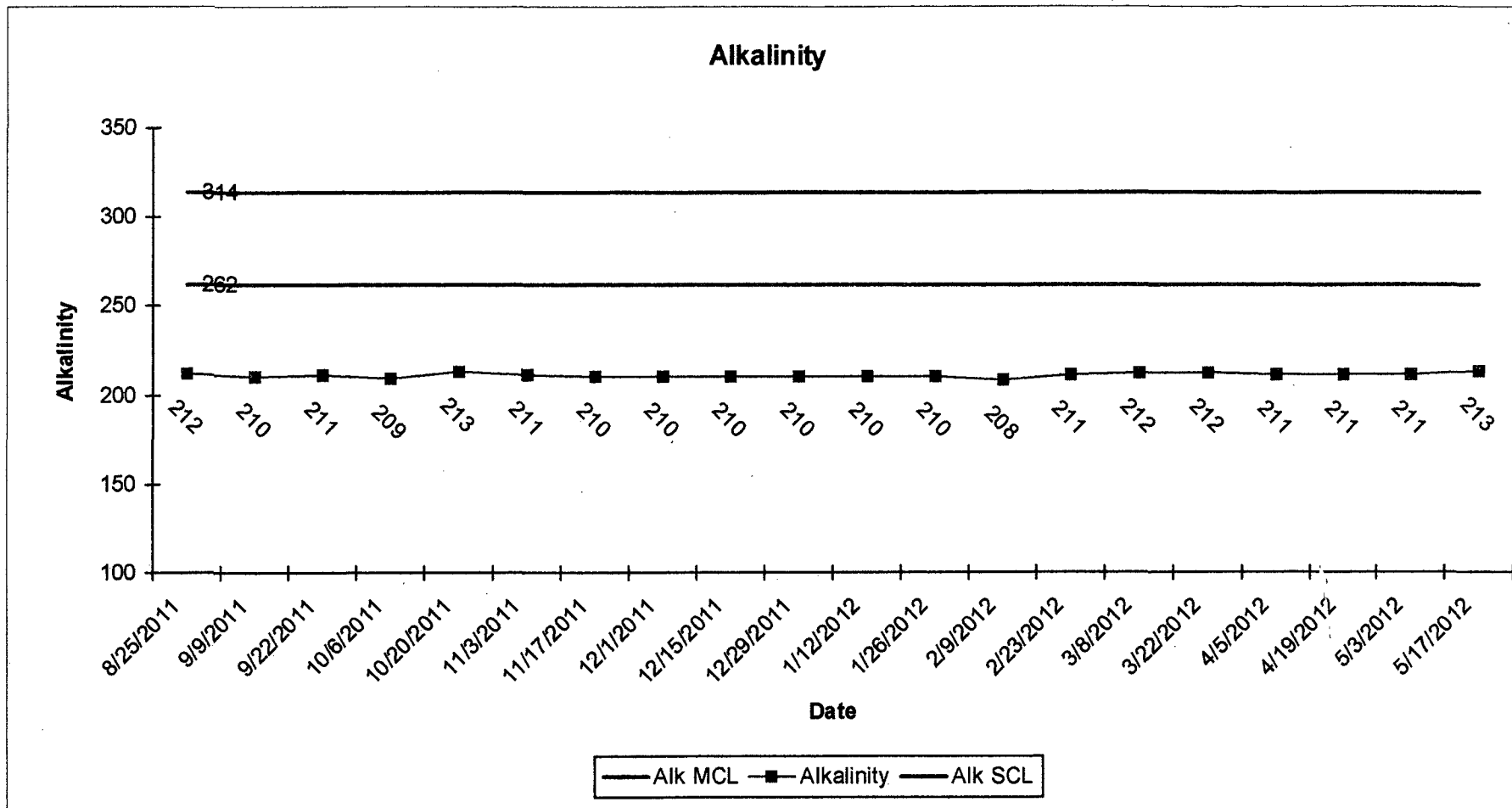
Sincerely,

Jim Stokey
General Manager

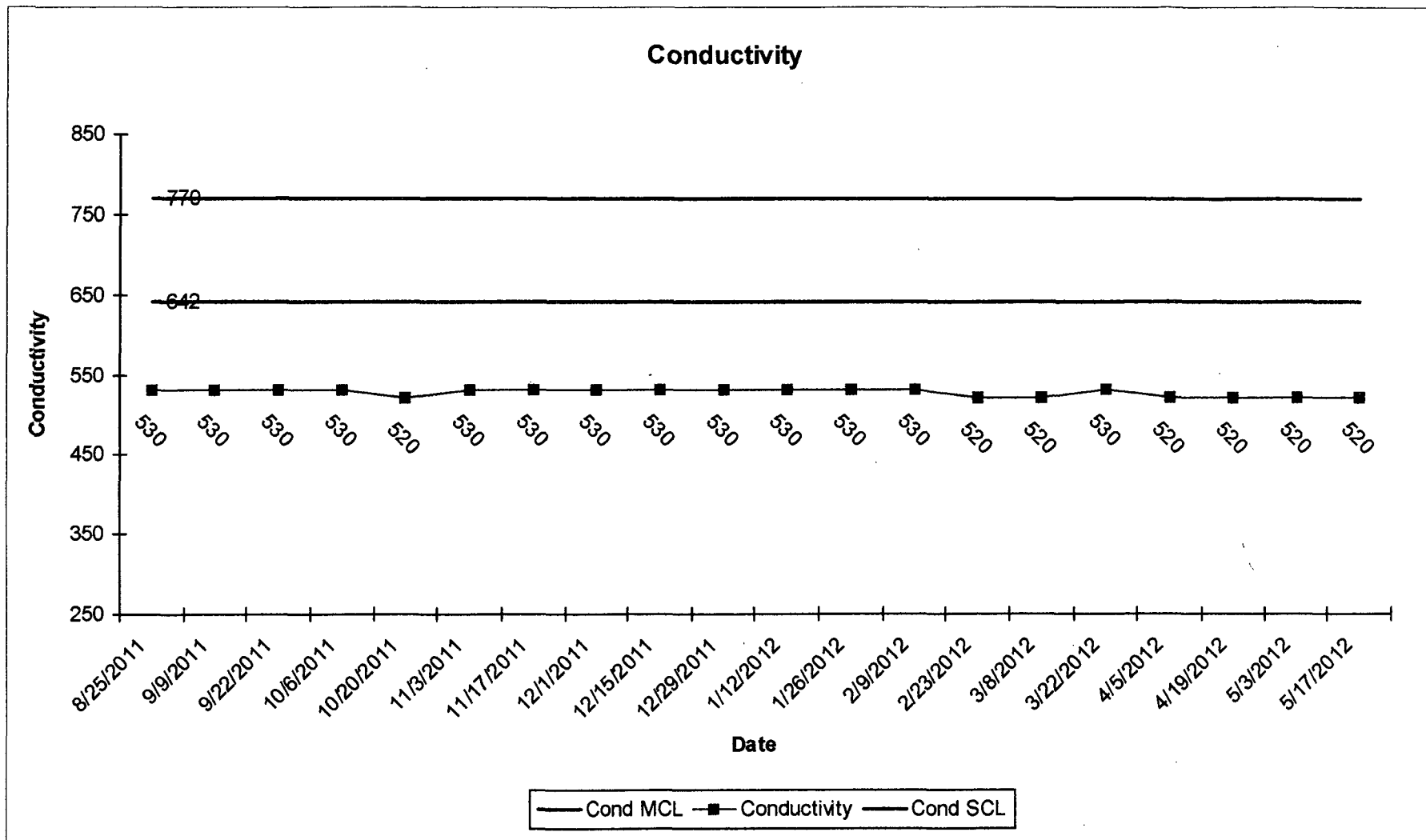
Enclosures

cc: Lindsey Phillips - NDEQ
Ron Burrows - NRC
CBO – File
ec: CR - Cheyenne

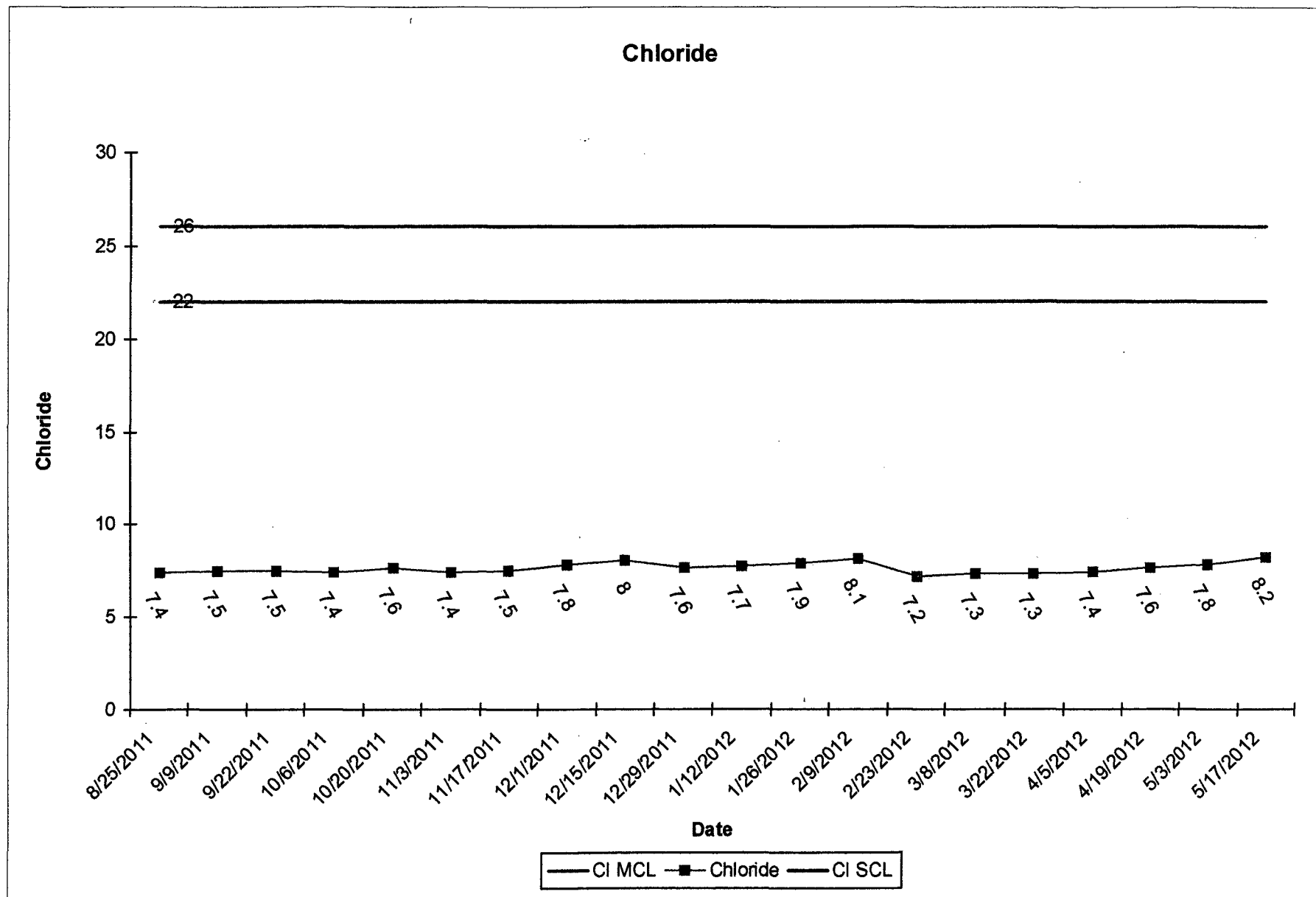
SM6-5



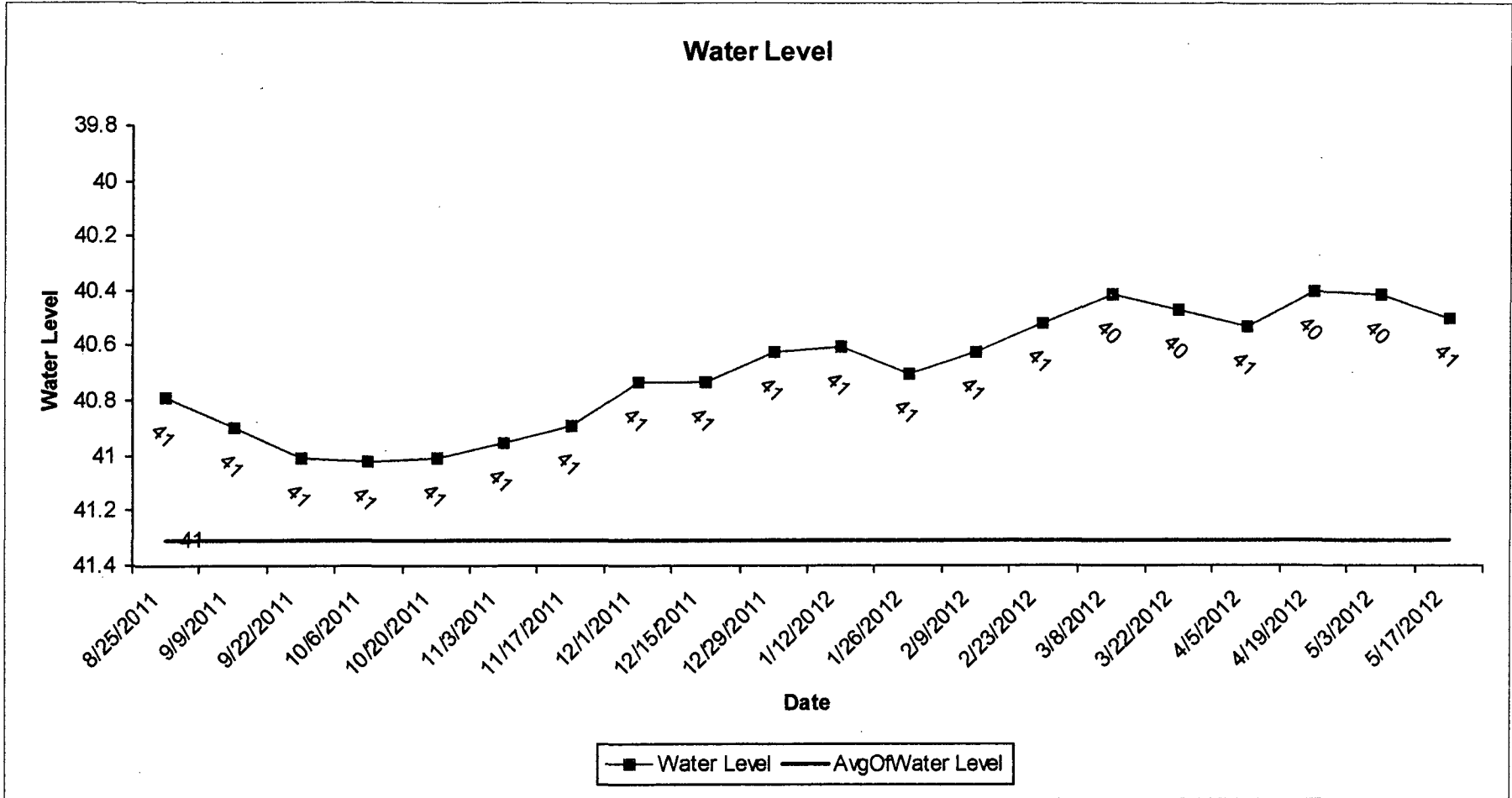
SM6-5



SM6-5



SM6-5





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CAMECO RESOURCES
Crow Butte Operation
86 Crow Butte Road
P.O. Box 169
Crawford, NE
69339 USA

Mr. Ron Burrows, Project Manager
Decommissioning and Uranium Recovery Licensing
Directorate
Division of Waste Management and Environmental
Protection
Office of Federal and State Materials and
Environmental Management Programs
Mailstop T8-F5
U.S. Nuclear Regulatory Commission
Washington, DC 20555-0001