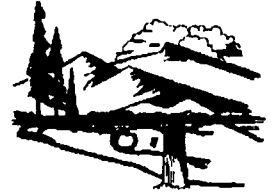




Department of Environmental Quality

To protect, conserve and enhance the quality of Wyoming's environment for the benefit of current and future generations.



Matthew H. Mead, Governor

John Corra, Director

May 18, 2012

CERTIFIED MAIL RETURN RECEIPT REQUESTED # 7010 0780 0000 4621 0536

Mr. Ken Garoutte
Manager-Health, Safety and Environmental Affairs
Cameco Resources
P.O. Box 1210
Glenrock, WY 82637

**RE: Notice of Violation, Docket No. 4998-12
Cameco Resources (CR), Permit 633, Smith Ranch Mine**

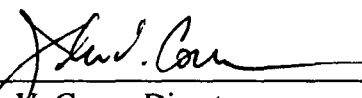
Dear Mr. Garoutte:

Enclosed you will find a Notice of Violation issued under the provisions of Wyoming Statute § 35-11-701(c). The Notice of Violation is the result of surface disturbance outside of the permit boundary as a result of well constructions, road improvements and impoundment construction. Also identified in the violation are unapproved impoundment development and usage, unapproved use of the water in the pond, and inadequate surface caps on the wells. These violations were identified during the April 2012 Land Quality Division (LQD) Inspection.

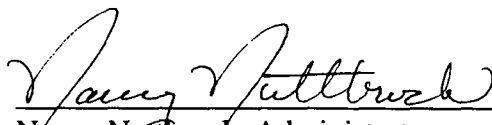
In effort to resolve this matter without further legal action, the LQD is requesting you contact Lowell Spackman LQD, District I Supervisor at 307-777-7052 or lowell.spackman@wyo.gov within fifteen (15) days of receipt of this letter to schedule a meeting to discuss resolution of this enforcement action. Should resolution of this enforcement action be reached as a result of this meeting, a Settlement of Agreement will be signed by both parties.

If you should have any questions regarding this letter, contact Mr. Spackman or Ms. Nancy Nuttbrock, LQD Administrator, at (307)777-7046. Thank you for your cooperation in this matter.

Respectfully,



John V. Corra, Director
Department of Environmental Quality



Nancy Nuttbrock, Administrator
Land Quality Division

Enclosure: Notice of Violation
cc: District 1
Doug Mandeville, NRC



DEPARTMENT OF ENVIRONMENTAL QUALITY
STATE OF WYOMING

NOTICE OF VIOLATION

IN THE MATTER OF THE NOTICE OF
VIOLATION ISSUED TO
POWER RESOURCES, INC.
d/b/a Cameco Resources
P.O. BOX 1219
GLENROCK, WY 82637
Re: Smith Ranch Mine, Insitu Uranium Operation, Permit No. 633

DOCKET NO. 4998-12

NOTICE

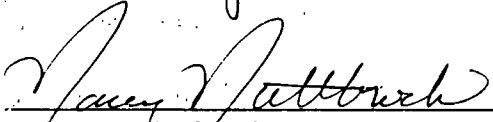
NOTICE IS HEREBY GIVEN THAT:

1. Notice of Violation (NOV) is being sent to you pursuant to Wyoming Statute (W.S.) §35-11-701(c)(i) which requires that a written notice shall be issued in the case of failure to correct or remedy an alleged violation.
2. Cameco Resources is the operator of the Smith Ranch uranium insitu mine located in Converse County, Wyoming. On April 13, 2012, the Land Quality Division (LQD) conducted an inspection of Wellfield-9, header house #1 area. It was discovered that an improved road, two monitoring wells and a water supply pond were located outside the permit boundary in Section 7, T35N, R74W. The pond is not approved as a water supply pond in Permit 633. In addition, the monitoring wells were noted to have insufficient covers to prohibit the introduction of undesirable material.
3. Affecting lands outside the approved permit boundary of Permit 633 is a violation of W.S. § 35-11-405(a).
4. Use of the water in the pond must be approved in the LQD permit according to Wyoming Environmental Quality Act § 35-11-406(b)(xvi).
5. Impoundment plans and designs are required to be included in the permit according to LQD Noncoal Rules and Regulations, Chapter 11, Section 4(a)(iv).
6. Wells that are not protected with adequate cover is a violation of LQD Rules and Regulations Chapter 11, Section 6(b)(ii).
7. W.S. § 35-11-901(a) provides that any person who violates and provision of the Environmental Quality Act or any rule, standard, permit, license or variance adopted hereunder is liable to a penalty of ten thousand dollars (\$10,000) for each day of violation, which penalty may be recovered in a civil action brought by the Attorney General in the name of the People of the State of Wyoming.

NOTHING IN THIS NOTICE shall be interpreted in any way, limit or contravene any other remedy available under the Environmental Quality Act, nor shall this notice be interpreted as being a condition precedent to any other enforcement action.

SIGNED this 18th day of May, 2012


John V. Corra
Director
Department of Environmental Quality


Nancy Nuttbrock
Administrator
Land Quality Division

Please direct all inquiries regarding this Notice of Violation and Order to Mr. Lowell Spackman, Wyoming Department of Environmental Quality, Land Quality Division, Cheyenne Office, 122 West 25th Street, Cheyenne, WY 82002. Telephone No. (307) 777-7052.

cc: Lowell Spackman, District I
File Docket #4998-12
Doug Mandeville, NRC