



June 14, 2012

Mr. Lowell Spackman, District 1 Supervisor
Wyoming Department of Environmental Quality
Land Quality Division
Herschler Building, 3rd Fl-West
122 West 25th Street
Cheyenne, WY 82002

CAMECO RESOURCES

Smith Ranch-Highland
Operation

Mail:

P.O. Box 1210
Glenrock, WY
82637 USA

Tel: (307) 358-6541

Fax: (307) 358-4533

www.cameco.com

CERTIFIED MAIL # 7011 0470 0000 7716 3431 RETURN RECEIPT REQUESTED

Re: Letter of Conference and Conciliation (LCC) Missed Sampling Notification, Mine Unit F,
Cameco Resources, Permit 603.

Dear Mr. Spackman:

Power Resources, Inc. d/b/a Cameco Resources (Cameco) received a hand delivered Letter of Conference & Conciliation (LCC) on June 7, 2012 from the Wyoming Department of Environmental Quality (WDEQ) – Land Quality Division (LQD). The letter discusses LQD concerns of a written notification from Cameco to suspend sampling of five (5) perimeter monitor wells associated with Mine Unit F following recommendations from the Fish & Wildlife Service regarding nesting raptors. Herein Cameco is providing replies to the concerns listed in the LCC.

Please contact me at 307-358-6541, ext. 476 or email to: Kenneth_Garoutte@cameco.com if you have any questions.

Respectfully,

Ken Garoutte
Safety, Health, Environment, Quality (SHEQ) Manager

KG/kg

Attachments: Replies to Letter of Conference and Conciliation

FSME20

Cc: File HUP 4.3.3.1
Special Volume: Missed Sampling Notification, Permit 603
Mr. Doug Mandeville, NRC – CERTIFIED MAIL # 7011 0470 0000 7716 3448
Document Control Desk, NRC – CERTIFIED MAIL # 7011 0470 0000 7716 3455
Mr. Scott Gamo, Wyoming Game & Fish Department
Mr. Mark Sattelberg, US Fish and Wildlife Service

Ec: Cameco – Cheyenne

Letter of Conference & Conciliation, Missed Sampling in MU-F
Permit 603, Cameco Resources

Cameco Resources (Cameco) received a hand delivered Letter of Conference & Conciliation (LCC) on June 7, 2012 from the Wyoming Department of Environmental Quality (WDEQ) – Land Quality Division (LQD). The letter discusses LQD concerns of a written notification from Cameco dated May 30, 2012 to suspend sampling of five (5) perimeter monitor wells associated with Mine Unit F following recommendations from the Fish & Wildlife Service regarding nesting raptors. Upon issuing the LCC under WEQA § 35-11-701 (c), LQD requires corrections as described below. Replies from Cameco are provided.

1. *The decision to discontinue monitoring at five adjacent monitoring wells for an extended time period (i.e., during raptor nesting activities) is considered a violation of Noncoal Rules and Regulations, Chapter 11, Section 14 (a)(i)(B), Section 14 (a)(ii)(A) and Section 14 (a)(iii)(B). Although Permit 603 includes a provision to allow trend analysis in the event of missed samples, the review and approval for that permit revision (approved July 8, 2010) did not consider discontinuation of monitoring in the production zone for multiple adjacent wells or for an extended time period.*

Cameco Reply: None requested.

2. *CR must continue monitoring wells FM-46, FM-47, FM-48, FM-49 and FM-50 according to the approved monitoring plan. If monitoring must be discontinued per other regulatory requirements, CR must also discontinue mining related activities that require monitoring at these wells. If CR discontinues injection and recovery in the mining patterns affected by these monitor wells, an adequate bleed must be maintained to control mining fluids and prevent a potential excursion. CR will be required to demonstrate either: a) continuation of monitoring at these wells or b) if injection and recovery is temporarily discontinued, a maintenance bleed with weekly reports which include well specific pumping rates and fluid volumes and type of fluid in the affected pattern areas. The demonstration must be provided within seven (7) days of receipt of this LCC.*

Cameco Reply: Monitor wells FM-46 and FM-50 have not missed a sampling event to date. Two sampling events for monitor wells FM-47, FM-48, and FM-49 were not undertaken due to the raptors' aggressive behavior and concerns for worker safety. Pursuant to receiving the LCC, Cameco contacted the Fish and Wildlife Service (FWS) on June 8 and June 11, 2012 to request their assistance to observe the sampling operation and provide practical recommendations to address worker safety. The FWS conveyed that they had no staff available to come out to observe and review the sampling. The suggestions offered by the FWS are being reviewed to ensure worker safety and still perform the sampling operation. The FWS proposed that Cameco may have to apply for a permit from the FWS Denver Regional Office to remove the nest. The process would be time consuming; thus, Cameco will continue/resume sampling of all the monitor wells beginning June 13, 2012. Measures to protect the workers performing the sampling operation will be taken based on observed behavior of the raptors as each scheduled sampling event is performed. The FWS believes that the aggressive behavior of the raptors will

lessen as the fledglings are growing. Cameco will provide the LQD verbal notification within 24 hours of any missed sampling event due to the aggressive behavior of the raptors but will make another attempt at the next scheduled sampling. This should provide an opportunity to resume normal scheduled sampling in a shorter period of time.

3. *It is apparent that CR has sought regulatory guidance from the WGFD & FWS. However, CR has failed to include the LQD in the discussions with regard to regulatory requirements for operational monitoring. CR will need to provide a proposal for a permit update that discusses the resolutions and requirements of the FWS and WGFD for LQD review. CR should not assume one agency has primacy over another. CR must acquire mutual agreement from all agencies. This request must be received within 120 days of receipt of this LCC.*

Cameco Reply: Cameco will attempt to schedule a meeting with the WGFD, FWS, and LQD to discuss guidance, and reach mutual agreement regarding sampling activities nearby nesting raptors. If a meeting cannot be held, then correspondence among the agencies to resolve the issue will be shared in an attempt to reach regulatory consensus.

4. *By not including LQD in discussions and decisions with the FWS and WGFD, CR is in jeopardy of not meeting all regulatory requirements. LQD will expect that CR is following all regulatory requirements for the LQD permitted insitu operation. Until LQD has reviewed the requested permit update in No. 3 above, LQD does not have information regarding those discussions or decision for regulatory consideration. Therefore, the approved permit and all applicable regulations have precedent in the operations at the mine.*

Cameco Reply: None requested

5. *Failure to comply with all the items listed above will result in a Notice of Violation.*

Cameco Reply: None requested