

June 25, 2012

Mr. Ken Garoutte, Manager  
Safety, Health, Environment, and Quality  
Cameco Resources  
P.O. Box 1210  
Glenrock, WY 82637

SUBJECT: IDENTIFICATION OF ISSUES RAISED BY WYOMING DEPARTMENT OF ENVIRONMENTAL QUALITY, SMITH RANCH HIGHLAND URANIUM PROJECT, SOURCE MATERIALS LICENSE SUA-1548

Dear Mr. Garoutte:

Recent correspondence between the Wyoming Department of Environmental Quality (WDEQ) and Cameco Resources (Cameco) has identified two specific issues at the Smith Ranch Highland Uranium Project (SRHUP) that are also of interest to the U.S. Nuclear Regulatory Commission (NRC) staff. The purpose of this letter is to inform Cameco as to how the NRC staff plans to address the two issues. Please note that no response to this letter is required.

The first WDEQ letter, dated May 18, 2012 (ADAMS Accession Number ML12170A463), identified a Notice of Violation of Wyoming Statute § 35-11-405(a) for affecting lands outside of the approved WDEQ permit boundary. During a routine inspection, WDEQ identified two monitoring wells, an improved road, and a water supply pond located outside of the WDEQ permit boundary in the vicinity of Mine Unit 9. NRC staff plans to review this issue during its next inspection of the facility to: (i) verify the location of these features in relation to the NRC license boundary; and (ii) verify that Cameco has confined its possession and use of source or byproduct material to the locations authorized in license SUA-1548, as required by 10 CFR 40.41(c).

The second WDEQ letter, dated June 5, 2012 (ADAMS Accession Number ML12170A459), requested that Cameco increase its financial assurance amount for the Highland portion of the SRHUP facility by \$138,734,000.00. WDEQ requested the increase to address possible removal and off-site disposal of soils from the two land application areas associated with the SRHUP facility. This represents a significant increase over the currently approved financial assurance amount. The NRC staff will review this issue during the next annual financial assurance update for SRHUP. The NRC staff requests that Cameco include NRC on any correspondence related to WDEQ's request so that the next financial assurance review can proceed in an efficient manner.

K. Garoutte

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If you have any questions regarding this matter, please contact me at (301) 415-0724, or by e-mail, at [Douglas.Mandeville@nrc.gov](mailto:Douglas.Mandeville@nrc.gov).

In accordance with 10 CFR 2.390 of the NRC's "rules of Practice for Domestic Licensing Proceedings and Issuance of Orders," a copy of this letter will be available electronically for public inspection in the NRC Public Document Room or from the Publicly Available Records component of NRC's Agencywide Documents Access and Management System (ADAMS). ADAMS is accessible from the NRC Web site at <http://www.nrc.gov/reading-rm/adams.html>.

Sincerely,

**/RA/**

Douglas T. Mandeville, Project Manager  
Uranium Recovery Licensing Branch  
Division of Waste Management  
and Environmental Protection  
Office of Federal and State Materials  
and Environmental Management Programs

Docket No.: 40-8964

License No.: SUA-1548

cc: P. Rothwell, WDEQ  
J. Leftwich, Cameco

K. Garoutte

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Sincerely,

Douglas T. Mandeville, Project Manager  
Uranium Recovery Licensing Branch  
Division of Waste Management  
and Environmental Protection  
Office of Federal and State Materials  
and Environmental Management Programs

Docket No.: 40-8964

License No.: SUA-1548

cc: P. Rothwell, WDEQ  
J. Leftwich, Cameco

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