

**CAMECO RESOURCES
CROW BUTTE OPERATION**



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

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

October 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 October 24, 2012, during routine 20-year Mechanical Integrity Testing (MIT), well number P-260 in Mine Unit 3, Wellhouse 8 failed the MIT criteria. Using isolation techniques, it was determined that the failure is the casing joint at the 680-foot level. Lindsey Phillips, of the NDEQ field office in Chadron and Ron Burrows, NRC Project Manager were notified concerning this well on October 25, 2012.

Based upon a review of the geophysical log for P-260, it appears that the failed casing joint is still in the appetite zone of the Chadron Formation. Because P-260 has been operated only as a production well, hasn't been in operation since December 15, 2009, and successfully passed a MIT on January 14, 2010, it is unlikely that any contamination has occurred. Lindsey Phillips reviewed the information for this well and concurred that the likelihood for contamination was minimal.

The nearest Shallow Monitor (SM) well to P-260 is SM3-1. I have enclosed the latest results from this Shallow Monitors for your review.

At this time, Crow Butte intends to repair P-260 by installing a sleeve to cover 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

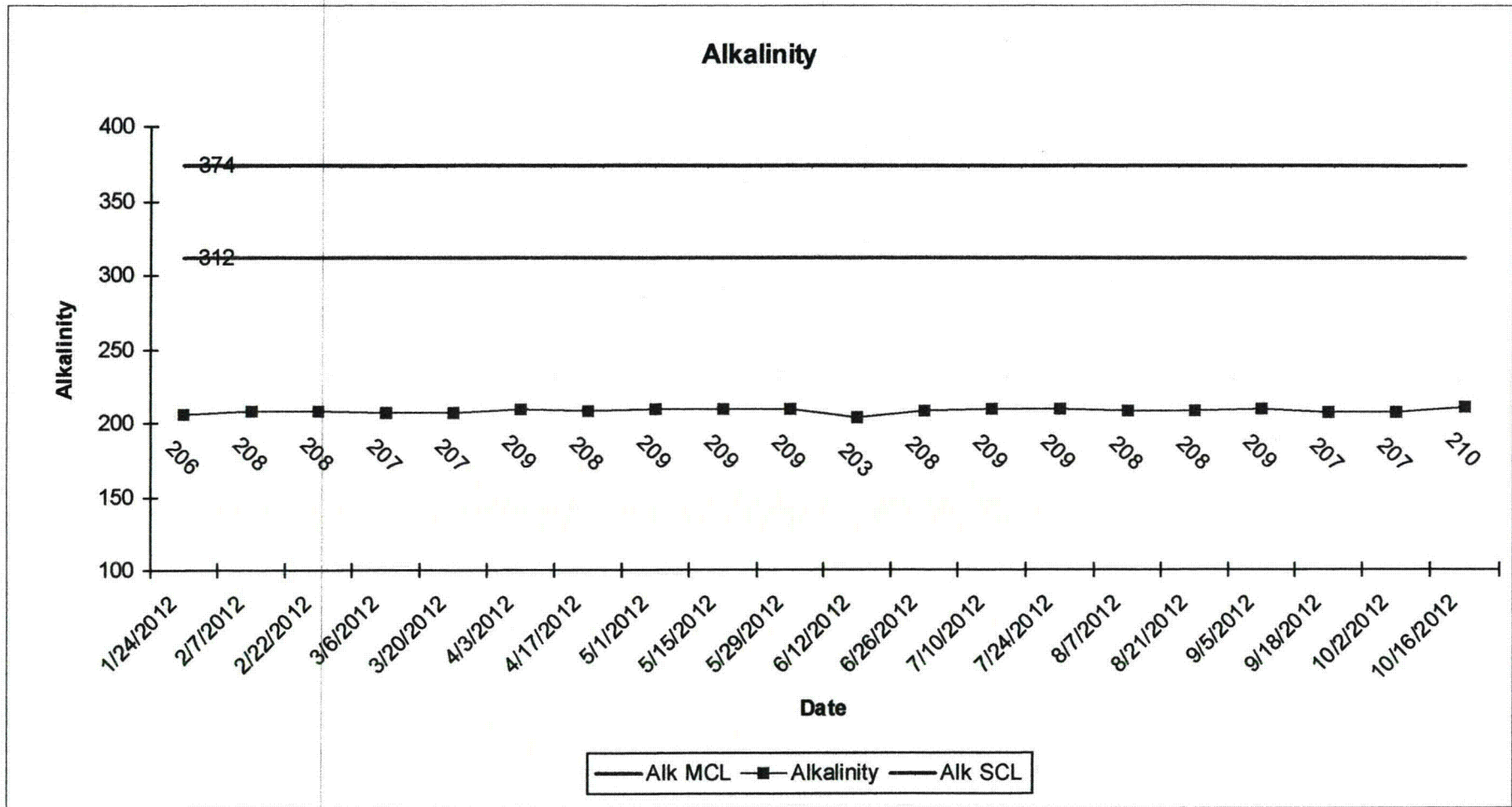
Enclosures

CROW BUTTE RESOURCES, INC.

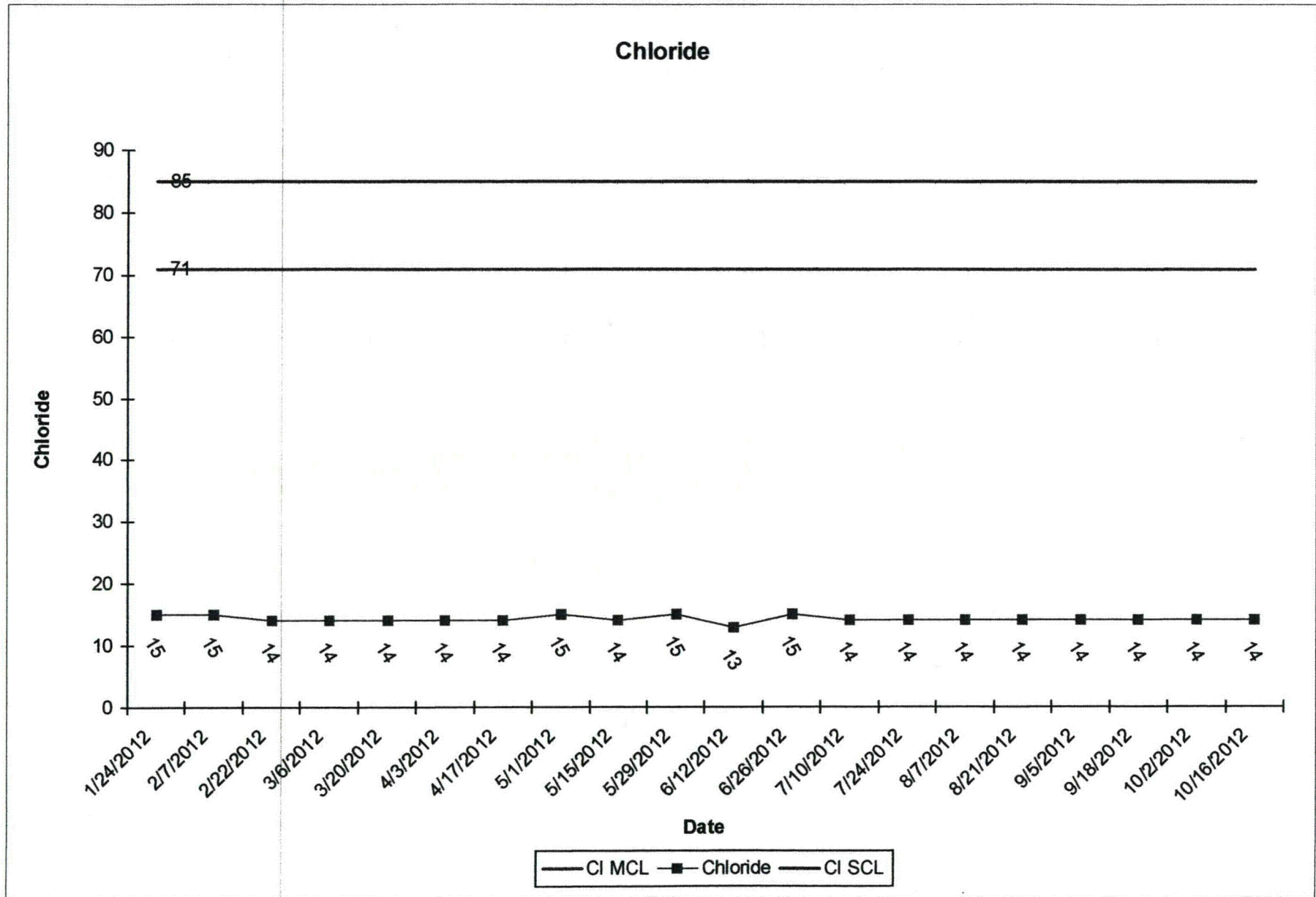


cc: Lindsey Phillips – NDEQ
Ron Burrows – NRC
CBO – File
ec: CR - Cheyenne

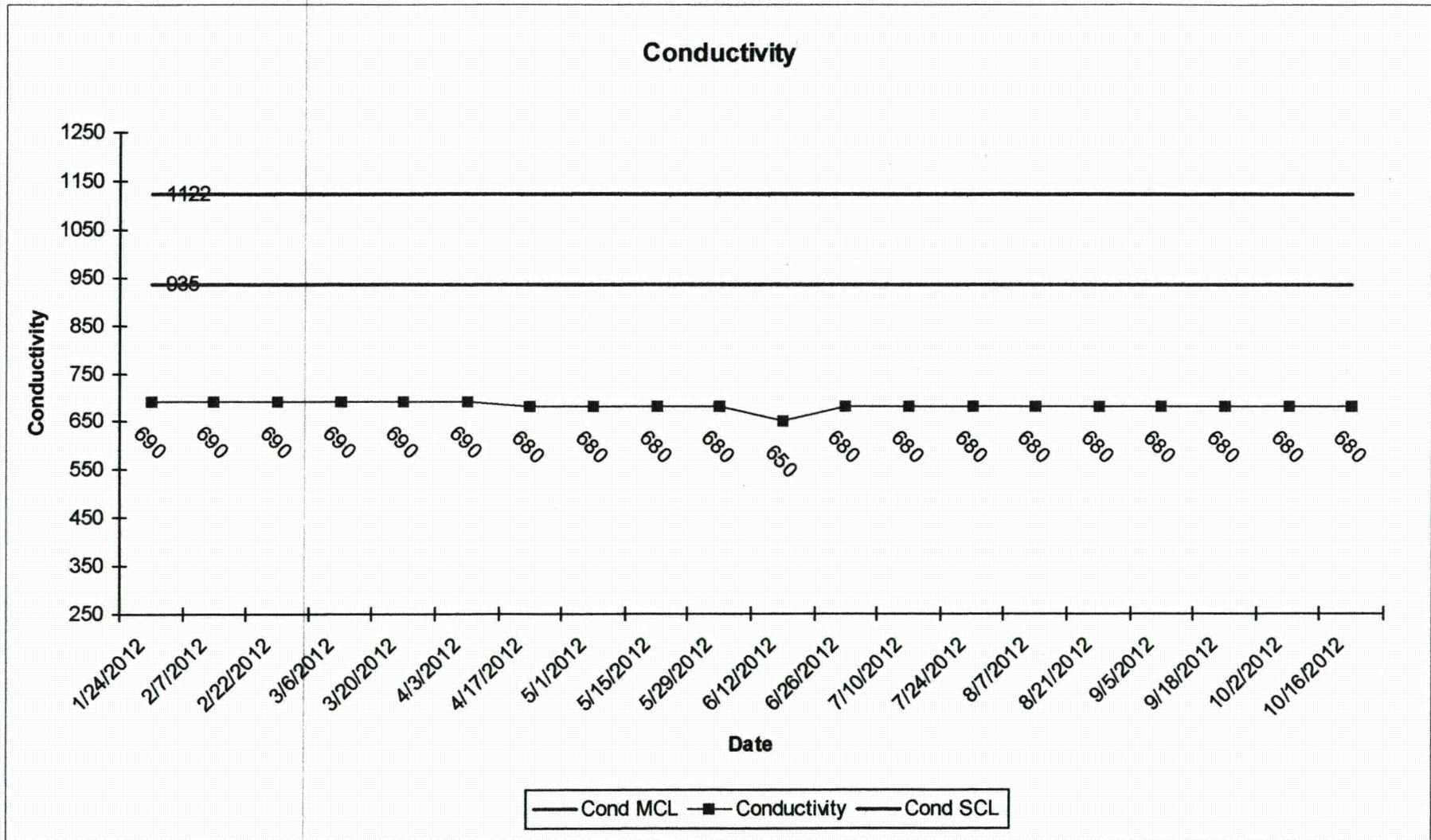
SM3-1



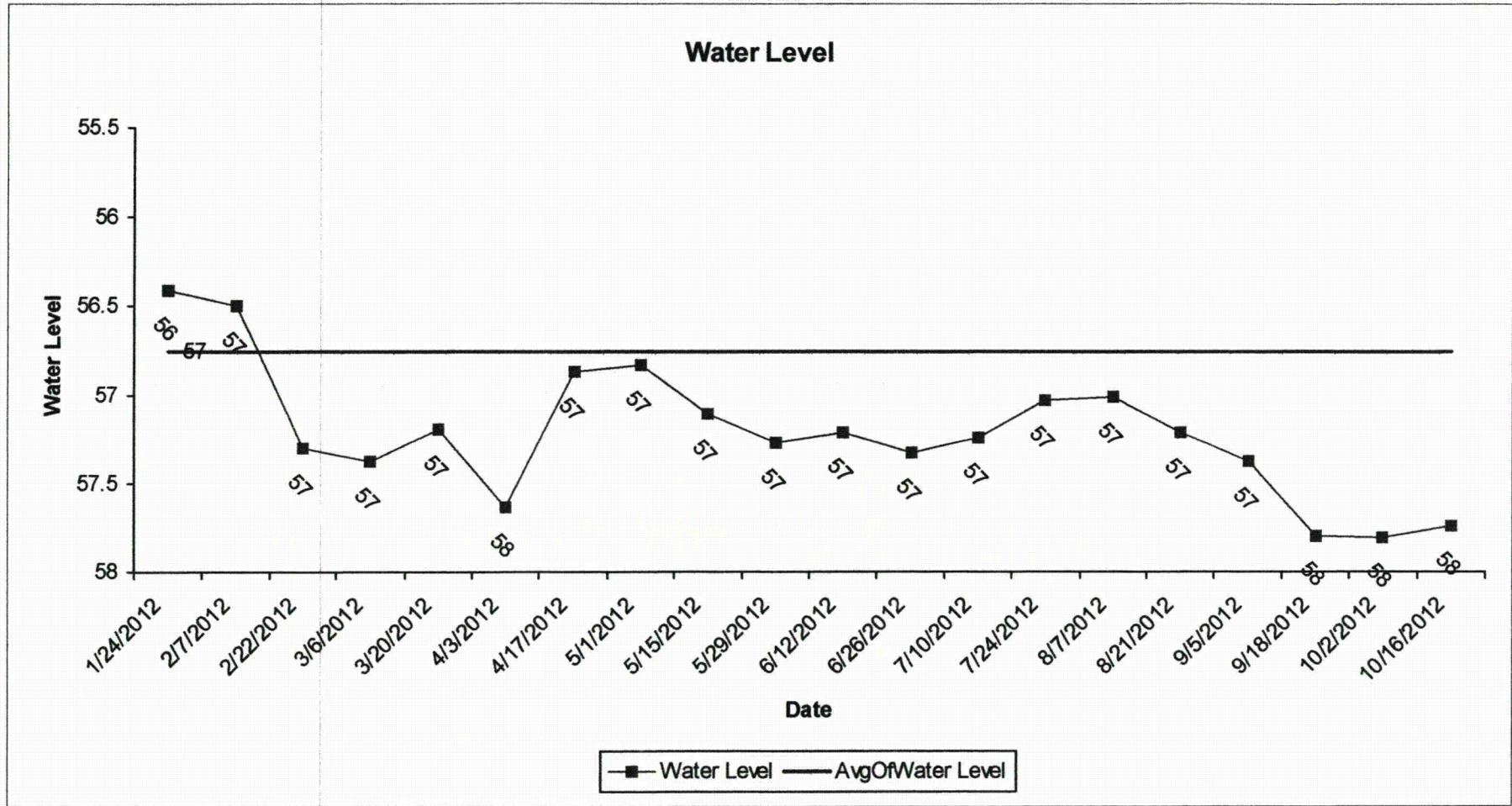
SM3-1



SM3-1



SM3-1



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October 29, 2012

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Attn: Document Control Desk, Deputy Director
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

Subject: Source Materials License SUA-1534
Docket No. 40-8943
Mechanical Integrity Testing (MIT) Failure at Well P-260

Dear Deputy Director:

On October 24, 2012, during routine MIT, well number P-260 in Mine Unit 3, Wellhouse 8 failed the MIT criteria at Crow Butte Resources, Inc. (CBR), d/b/a Cameco Resources – Crow Butte Operation mine site. A copy of the letter submitted to the Nebraska Department of Environmental Quality (NDEQ) detailing this MIT failure is enclosed. The copy is submitted in compliance with License Condition 12.2 of Source Materials License SUA-1534.

If you have any questions or concerns on this matter, please do not hesitate to call me at 308-665-2215 ext. 114.

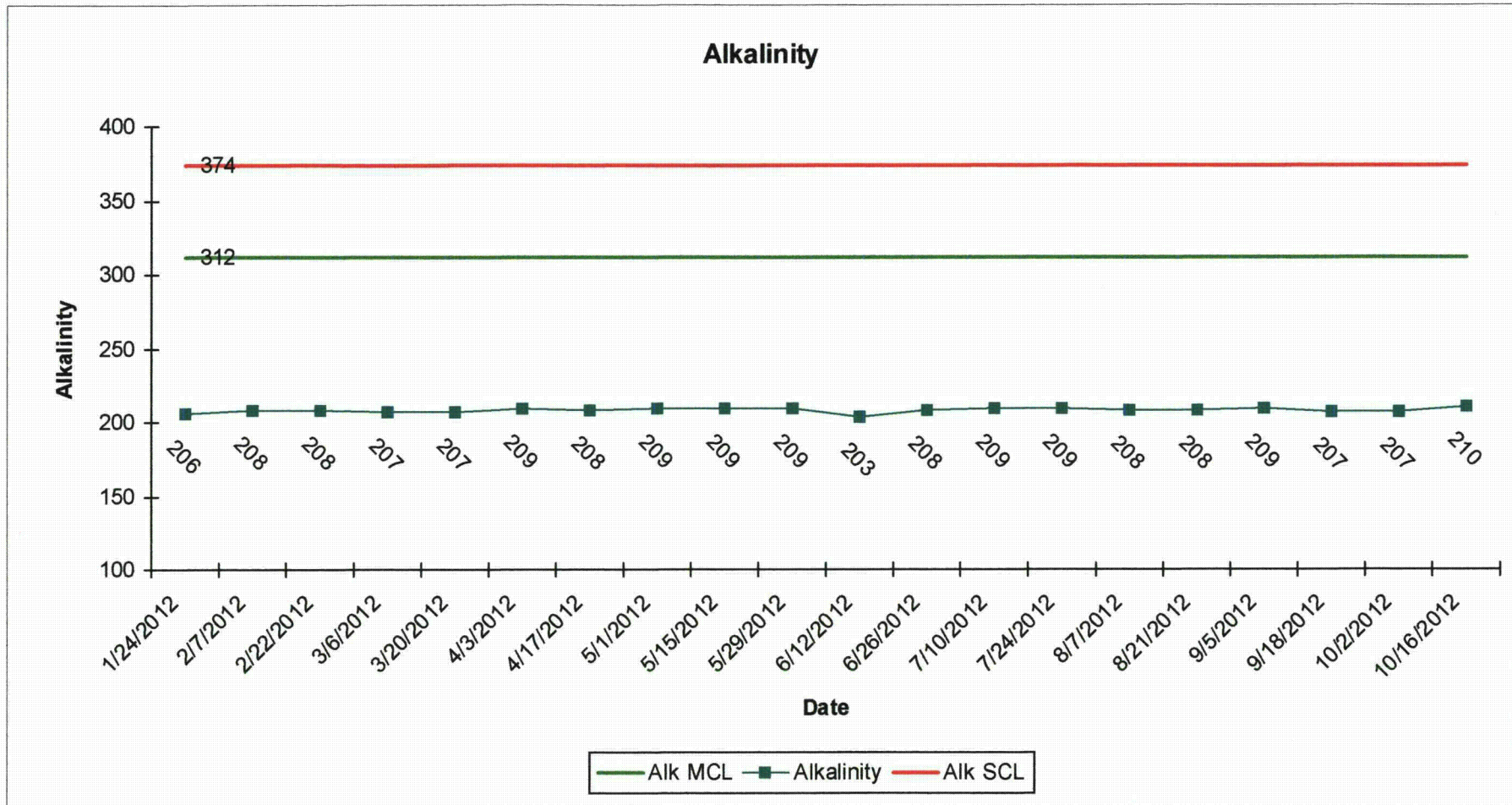
Sincerely,

Larry Teahon
Manager, Safety, Health, Environment, and Quality

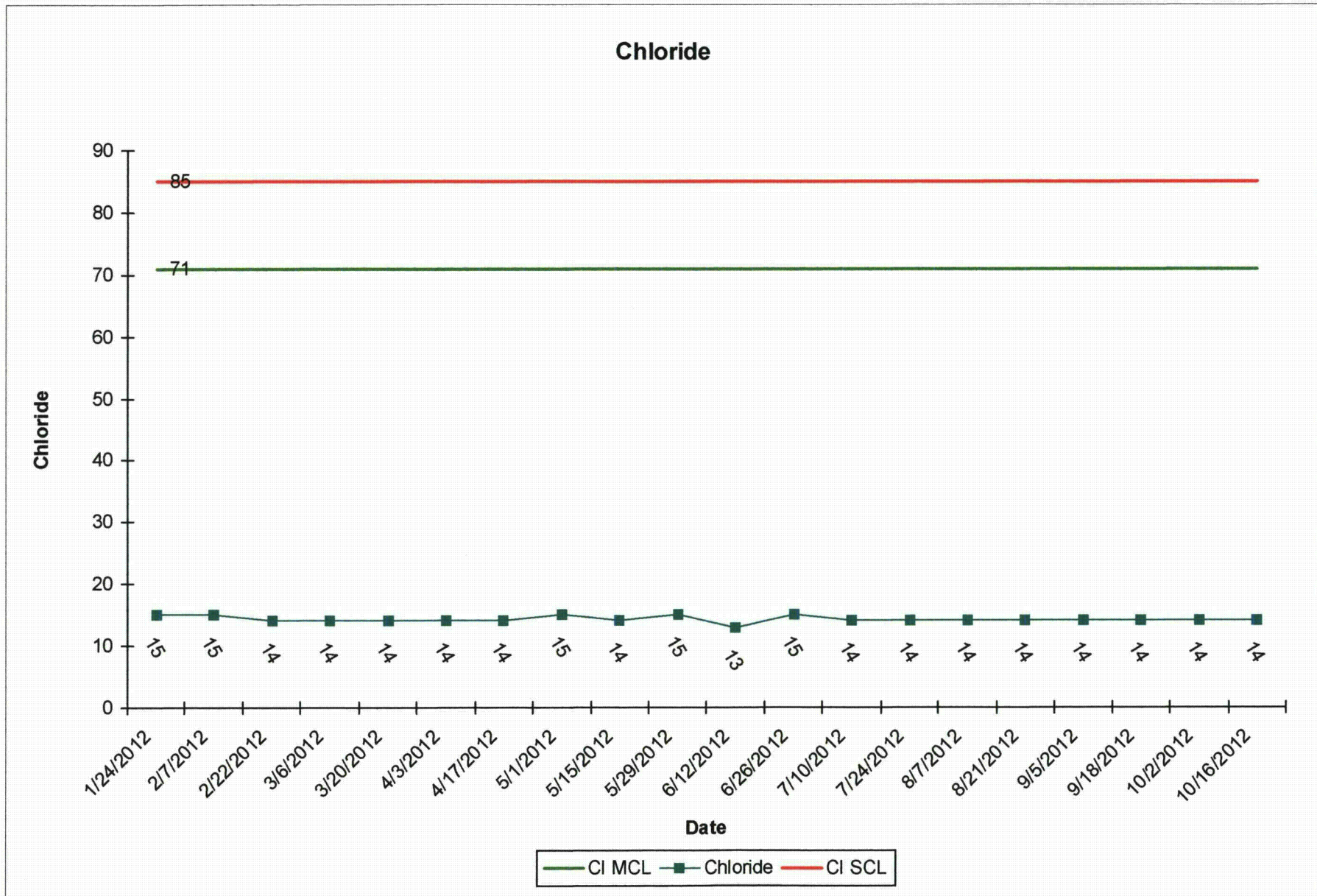
Enclosures: As stated.

cc: CBO - File
ec: CR - Cheyenne

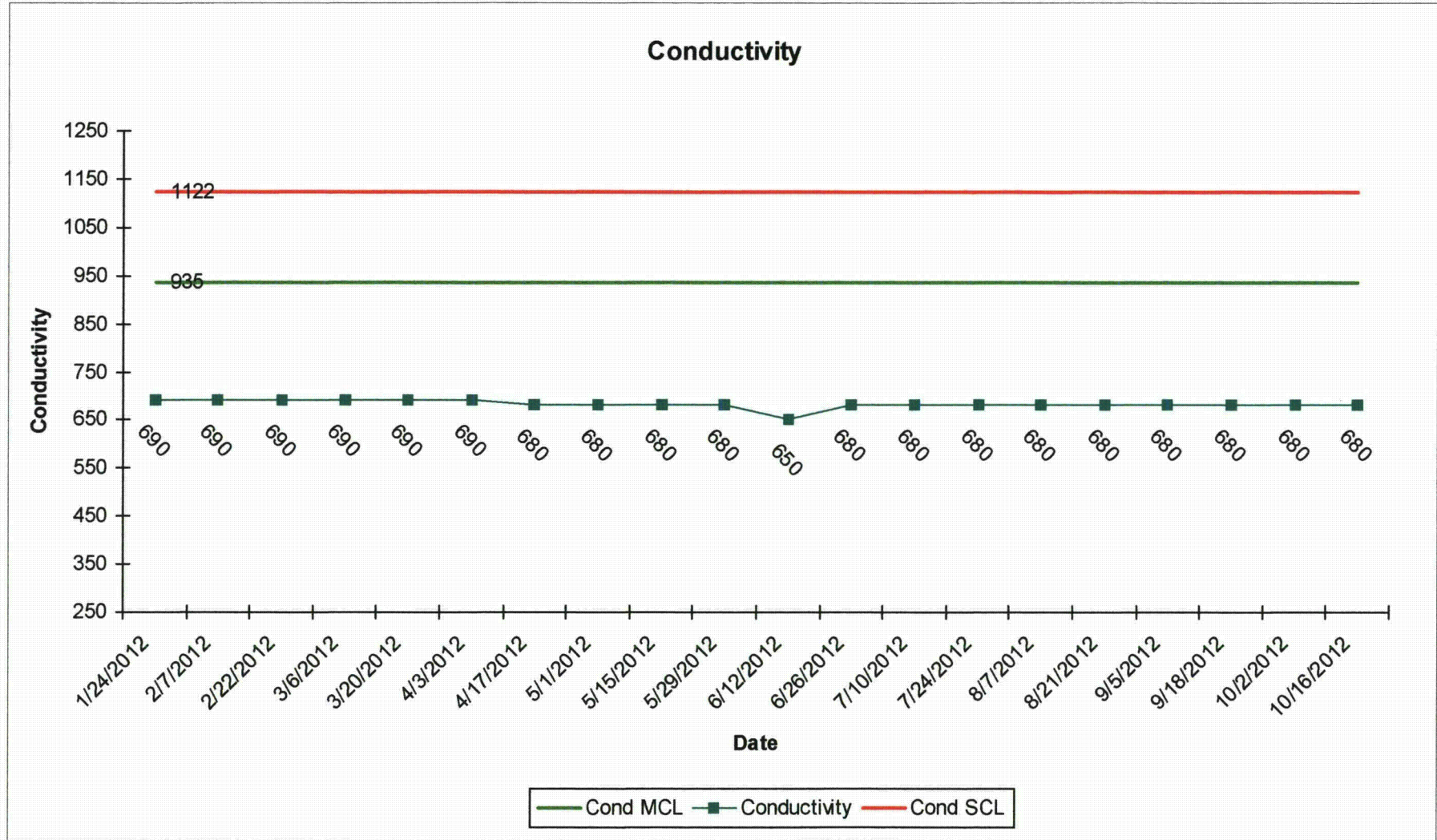
SM3-1



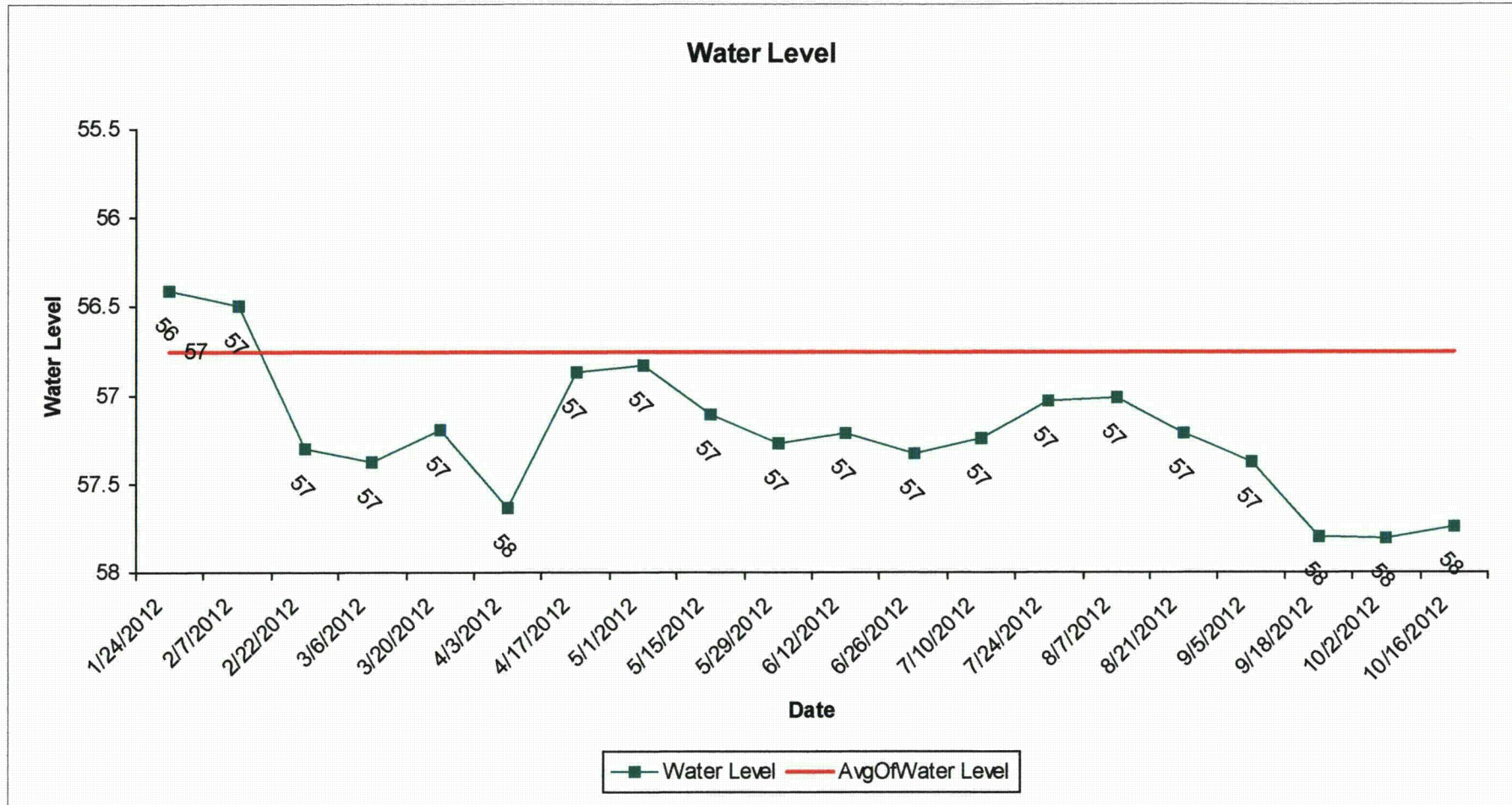
SM3-1

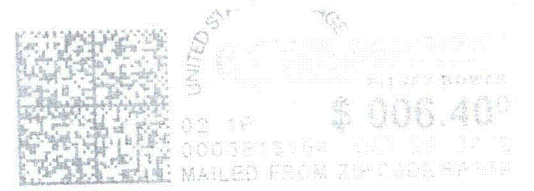


SM3-1

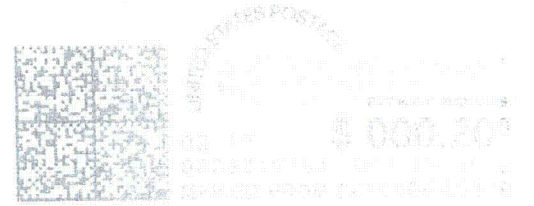


SM3-1





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CAMECO RESOURCES
Crow Butte Operation
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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
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Washington, DC 20555-0001