LKS

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

February 6, 2012

Mr. Kenneth Garoutte
Cameco Resources, Inc.
PO Box 1210
Glenrock, WY 82637

Subject: January 2012 Inspection Report
Cameco Resources, Permits 603 & 633

Dear Mr. Garoutte:

The Land Quality Division conducted the January 2012 inspection with assistance from you and your staff on January 9, 2012. Please find the inspection report enclosed.

There are no compliance items that require immediate action. As mentioned during the inspection, CR should continue to monitor sediment in the drainage in MU-9, particularly on steep slopes without vegetation. It was noted that CR has improved topsoil protection and sediment control practices as well as minimizing the disturbance footprint in new wellfield development areas. This effort is recognized and greatly appreciated.

If you have any questions, please do not hesitate to contact me at prothw@wyo.gov or 777-7048.

Sincerely,

Pam Rothwell

Pam Rothwell
District 1 Assistant Supervisor
Land Quality Division

Enclosure

cc: Cameco Resources, Cheyenne, WY w/att
Douglas Mandeville, NRC w/att

PERMITS 603 & 633 INSPECTION REPORT
JANUARY 2011
DISTRICT 1/LAND QUALITY DIVISION

COMPANY:	Cameco Resources, Incorporated
LOCATION:	North of Glenrock, Converse County (Smith-Highland Ranch Uranium Project)
DATE OF INSPECTION:	January 9 & 10, 2012
DATE OF REPORT:	February 3, 2012
INSPECTORS:	Pam Rothwell, LQD District 1 Assistant Supervisor
CONDITIONS:	Partly cloudy, light winds (15 mph), 30°
CO. STAFF PRESENT:	Ken Garoutte, Cameco SHEQ Manager Vicky Githins, Cameco SHEQ Coordinator Dave Moody, Cameco, Wellfield Operations Manager Craig Hiser, Wellfield Development Supervisor

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INTRODUCTION

The focus of this inspection was:

- to review well completion records and conduct a field inspection of the completed wells in MU-3 (under separate report)
- verify groundwater sweep and reverse osmosis in wellfield restoration

INSPECTION

MU-E

- demonstration of groundwater sweep in a pattern area; observed HH-E-18, noted injection wells were all off; four or five production wells were pumping; pattern for the header house was pumping 41 GPM
- several drill rigs in the wellfield installing additional wells for restoration

MU-15

- soil removed at HH-15-20 spill area has been hauled away; waiting on soil sample results

MU-9

- slopes of drainage are stable with waddles functioning; few sandy exposed areas on south slope could use additional revegetation **(Figure 1)**

K-North

- rigs in wellfield continuing with well installations; waiting on approval of pump test review with LQD

MU-7 (not approved)

- drill rig installing internal monitor wells and and monitor well ring wells; pump test proposal will be submitted later this year

MU-10 (not approved)

- waiting on pump test approval from LQD;
- wellfield development in progress; topsoil salvage and protection was exceptional with straw waddles at the base of the piles and piles placed away from the activity at the well; drill traffic appeared to be staying on designated pathways with notable undisturbed areas to enhance the revegetation during wellfield reclamation **(Figure 2 & 3)**

Satellite SR-2 – verification of two RO units running from MU-D; running 80%; experimenting with pre-treatment of calcium before RO to help reduce the brine concentration before RO

COMPLIANCE ASSESSMENT

1 CR is doing a much better job with managing surface disturbance during wellfield development with regard to topsoil salvage and protection and restricting disturbance to pathways to drill sites. The decision by the former LQD Administrator to not require topsoil stripping in wellfield disturbance areas was based on minimizing the disturbance and providing necessary protection from sediment where it is needed. CR is now making this effort as was identified in MU-10. This effort is greatly appreciated.

2 The drainage slopes in MU-9 appear stable and straw waddles have been utilized to protect revegetation. There are barren areas particularly along the south slopes that will likely erode further if additional prevention is not provided such as slope reduction and vegetation. LQD will continue to monitor the drainage for control of sediment into the flow path of the drainage.

3 CR continues to work on finding ways to expedite restoration, however progress is taking time. LQD will continue to encourage CR to find ways to expedite restoration; meanwhile adequate surety will be required to restore all wellfields with a minimum of nine pore volumes.

PHOTOS

Figure 1 South slope of drainage in MU-9; straw waddles used to control sedimentation; steep slope without vegetation likely to continue to erode

Figure 2 MU-10 wellfield development; topsoil stockpiles placed away from drilling activities and clearly marked, routes for vehicle use are clear, areas without disturbance can be identified, sediment control placed around stockpiles

Figure 3 MU-10 development drilling, view of road used to access drill sites, undisturbed area topsoil stockpile with straw waddle protection at base of pile