



POWER RESOURCES

Smith Ranch - Highland
Uranium Project
P. O. Box 1210
Glenrock, Wyoming USA 82637
Casper: 307-235-1628
Douglas: 307-358-6541
Fax: 307-358-4533

June 29, 2007

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

RE: Permit to Mine No. 603
In Situ Uranium Wellfield Release Report

Dear Mr. Spackman:

As reported to Mr. Steve Ingle of Wyoming Department of Environmental Quality (WDEQ), Land Quality Division, Mr. Paul Michalak, NRC Project Manager, via e-mail and/or phone June 22, 2007 and Mr. Joe Hunter of WDEQ, Water Quality Division June 25, 2007. Power Resources, Inc. (PRI) had a release of Injection Fluid at the Highland Uranium Project in Converse County, Wyoming. It is estimated that 198,500 gallons were released to the ground with 3,500 gallons recovered. A net 195,000 gallons was reported as released to the environment. The release amount was in consideration of the last time well HI-744 was serviced, May 25, 2007, but the valve causing the release may have been opened between the service date and the discovery date. The release was detected at approximately 11:00 A.M. on June 22, 2007 in Mine Unit-H by a Satellite Operator. The spill was located at injection well HI-744 in Wellfield H. The solutions did not threaten nor enter the waters of the State. The known uranium content of the fluids was 8.1 ppm. The fluid is not considered hazardous material under RCRA, and is not reportable under SARA.

Power Resource's Spill Committee met June 27, 2007 to discuss preventive measures to minimize the potential of releases from PRI's operations and to assess and make recommendations to potentially mitigate re-occurrences.

In accordance with Chapter IV, Section 4(a)(iv) of the Water Quality Division Rules and Regulations, attached is a report describing the release and the steps taken to prevent a recurrence of this nature.

Please call if me at (307) 358-6541 ext. 46 if you have any questions.



Sincerely,



John McCarthy
Manager-Health, Safety
& Environmental Affairs

Cc: Paul Michalak – NRC Project Manager **C. Foldenauer** **M. Bryson**
File HUP 4.3.3.1 **File SR 4.6.4.2** **File SR 4.6.4.4**
B. Johnson **P. Drummond** **Joe Hunter – Water Quality Division**

Attachment

Power Resources, Inc Smith Ranch-Highland Uranium Project URANIUM IN SITU WELLFIELD FLUID RELEASE REPORT

MU-H, HI-744 Release

A. DESCRIPTION OF THE EVENT AND MITIGATIVE ACTIONS TAKEN

On June 22, 2007 at approximately 11:00 A.M., a Satellite Operator reported a release at injection well HI-744 in Wellfield H.

Well HI-744 was re-worked in header house H-12 to direct flow into turn around well. The valve leading to HI-744 was shut out and a "T" was installed above the valve on HI-744 to direct flow to HPI-391. The work was completed on May 25 and the line was placed back into service. It is unknown if the valve was left open at this time or turn to the on position during our routine header house inspections. Well HI-744 had been disconnected at the wellhead, resulting in fluids releasing to the ground.

Wellfield H has been shut down resulting from this spill and a contributing spill reported June 25, 2007. Power Resources, Inc.'s Spill Committee met June 27, 2007 to discuss contributing factors regarding this spill. The committee discussed the following points:

- Review Standard Operating Procedures (SOP) and revise as necessary.
- Have all employees re-read/signoff the applicable SOPs.
- Hire a Trainer to train employees consistently in tasks.
- Insure all wells taken out of service are capped at the wellhead.
- All repairs will utilize only new materials.
- Expand the use of pulsating beacons mounted on the wellheads to alert passersby of potential leaks.
- An evaluation of the completion intervals of windmills/wells in the vicinity.
- An evaluation of the possibility of the spills effect, if any, on the first aquifer.

The windmill/wells in the vicinity of the spill are:

- GW-8 not running, 2 1/2 miles W
- GW-9 2 miles W, U-Nat. 0.0018mg/l
- GW-10 not running, 2milles NW, U-Nat 0.0031, Ra-226 0.4 pCi/l
- GW-11 2 1/2 miles NW, U-Nat 0.0012, Ra-226 3.1 pCi/l
- GW-12 1 1/4 miles N, U-Nat 0.0139mg/l, Ra-226 0.07 pCi/l

The windmill completion zones will be evaluated to determine if the spill could have affected the same aquifer as the mills. PRI will soil sample the full extent of the effected area and submit the samples to an accredited lab for results. A

sample of the injection fluids will be analyzed for Guideline 8 parameters, if not on file from previous samplings. A TAPROOT investigation will be conducted on the event to determine the cause and recommend corrective actions. The above stated actions will be detailed with sample results by July 22nd, 2007.

The spilled solutions soaked into the ground as the spill progressed. An estimated 198,500 gallons of Injection Fluid was released and 3,500 gallons recovered with a vacuum truck. As a result 195,000 gallons was reported as released to the environment and absorbed into the ground. The released fluid did not threaten nor enter waters of the state.

The uranium concentration of the fluid was 8.1 mg/l taken for the pounded fluids. The average concentration of the injection fluids was 4.2 ppm.

The release occurred in Mine Unit H and affected approximately 1.45 acres.

B. CAUSE OF THE RELEASE AND THE STEPS TAKEN TO PREVENT RECURRENCE

Cause

The release was caused by human error and the above actions were recommended PRI's Spill Committee for corrective actions.

Recurrence Prevention

Our PRI Spill Committee has met and proposed corrective actions. A TAPEROOT investigations will be conducted with recommend corrective actions that should be taken.