



February 28, 2012

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

CAMECO RESOURCES
Smith Ranch-Highland
Operation
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CERTIFIED MAIL # 7011 0470 0000 7716 4605 RETURN RECEIPT REQUESTED

RE: East Evaporation Pond Leak, Cameco Resources, Smith Ranch-Highland Uranium Project, Permit to Mine No. 633

Dear Mr. Spackman:

On June 20, 2011, Power Resources, Inc. d/b/a Cameco Resources (Cameco) provided written notification to the Wyoming Department of Environmental Quality, Land Quality Division (LQD) and the Nuclear Regulatory Commission (NRC) regarding a leak into secondary containment (sump) discovered on June 13, 2011 at the East Evaporation Pond. Cameco drained the pond to investigate the reason for water in the sump and repaired a tear in the primary liner on July 7, 2011. Following repairs, water was returned to the pond.

On August 15, 2011 water was again discovered in the sump. Verbal notification was made to the LQD and NRC on August 16, 2011 with written notification following in the monthly report on August 31, 2011. The pond level was lowered for the second time to reexamine the primary liner. Another tear was discovered and repairs were made August 29, 2011. Following repairs, water was returned to the pond.

On November 4, 2011 water was again discovered in the sump. Verbal notification was made to the LQD and NRC on November 7, 2011.

Samples have continued to be taken on a weekly basis, when obtainable and results are provided in the table below. As reported in previous monthly updates, Cameco no longer has the ability to complete sulfate analysis at our on-site lab, therefore, monthly samples obtained are being sent to an external lab for analysis of sulfate. Cameco would like to note that results for these analyses will take additional time to receive, often times 30 days or more. Sulfate determination for February has been sent to Energy Labs and results are pending.

FSME20

Weekly Sample Results

Sample Date	Chloride (mg/L)	Conductivity (mS/cm)
06/15/2011	257	3194
06/20/2011	413	3645
08/15/2011	464	3647
08/16/2011	435	3924
11/04/2011	407	3869
12/14/2011	402	4133
12/28/2011	241	2439
1/10/2012	247	2607
1/19/2012	295	3336
2/8/2012	241	2663
2/15/2012	203	2407

Monthly Sample Results

Sample Date	Chloride (mg/L)	Conductivity (mS/cm)	Bicarbonate (mg/L)	Uranium (mg/L)	Sulfate (ppm)
06/20/2011	413	3645	925	248	905
08/16/2011	435	3924	811	158	947
11/04/2011	407	3869	650	179	-
12/28/2011	241	2439	442	134	900
1/10/2012	247	2607	424	135	-
2/01/2012	-	-	-	-	Analysis Pending
2/21/2012	182	2286	540	105	-

At this time, work to find and repair any tear in the pond liner has been postponed due to weather. However, Cameco is in discussion to formulate a plan to effectively repair the Evaporation Ponds and thus minimize leakage risk. Once Cameco has a plan, with an adequate and feasible solution, a proposal will be submitted to the LQD. Routine monitoring will continue to be conducted and a monthly report will to be submitted until a plan has been implemented.

Cameco would like to acknowledge receipt of a letter dated February 22, 2012 regarding Review of the January 2012 East Storage Pond Leak Report. Cameco will respond to the concerns in that letter within the 90 day deadline.

Please contact me at (307) 358-6541 ext. 476 or Kenneth_Garoutte@cameco.com if you have questions.

Sincerely,



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

KG/vg

cc: File SR 4.3.3.1 File SR 4.3.3.4
Special Volume: Wellfield Release Reports, Evaporation Ponds, Spill Reports
Mr. Doug Mandeville – NRC Certified Mail # 7011 0470 0000 7716 4612
Document Control Desk, NRC Certified Mail # 7011 0470 0001 0202 1170

cc: CR-Cheyenne