

April 2, 2012

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

**RE: Mechanical Integrity Testing (MIT) Approval Requests and associated concerns;
Smith-Highland Ranch PT603 & 633**

Dear Mr. Garoutte:

The Land Quality Division (LQD) has recently reviewed several requests submitted by Cameco Resources to resume operation of injection wells that had failed routine five-year MIT testing and were subsequently repaired. Cameco Resources is required to provide information regarding failed wells and request written authorization to resume operations pursuant to LQD Chapter 11, Section 8(c).

This letter is being provided to inform Cameco Resources that the LQD is unable to provide authorization to resume operation of any of the wells at this time and will require a meeting to discuss the repairs of failed wells. The process being utilized to repair the failed wells has raised questions regarding whether the wells remain screened within the production zone. Based on the information submitted, it appears that Cameco is resetting the J-top above the failed portion of the well and moving the screen up vertically as much as one-hundred (100) feet. In some cases, the J-top has been reset above the top of production sand. The LQD has questions regarding this method and is concerned that if the wells resumed injection, they would be injecting fluid outside of the production zone. The LQD is also concerned that the wells may no longer be in communication with the surrounding monitoring well ring.

Please contact the LQD *within ten (10) days* of this letter in order to set up a meeting to discuss these concerns. If you have questions, please contact me in the Cheyenne District One Office (307-777-7048).

Sincerely,

Pam Rothwell
District One Assistant Supervisor
Land Quality Division

PCR/jp

xc: WDEQ/LQD Julie Powell, Steve Ingle, Lowell Spackman
cc: Cameco Resources Cheyenne Office