

**CAMECO RESOURCES**

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July 16, 2012

Mr. Doug Mandeville
U.S. Nuclear Regulatory Commission
11545 Rockville Pike
Two White Flint North, Mailstop T8 F5
Rockville MD 20852-2738

CERTIFIED MAIL # 7010 1870 0002 1233 7295 RETURN RECEIPT REQUESTED

**RE: Advanced Notification of Construction of a Surge Pond
at Cameco Resource's North Butte Properties
Source Material License SUA-1548, Docket 40-8964**

Dear Mr. Mandeville:

Power Resources, Inc. d/b/a Cameco Resources (Cameco) has approved construction and operation of a surge pond at Cameco's North Butte properties for temporary containment of waste water from the satellite building prior to deep well disposal. Per Source Material License SUA-1548 License Condition (LC) 9.4, a Safety and Environmental Review Panel (SERP) convened on 6/13/2012 to ensure the proposed construction and operation of the surge pond would not cause additional physical or environmental harm than that previously evaluated by the Nuclear Regulatory Commission (NRC).

The Uranerz U.S.A., Inc. Environmental Assessment (EA), 1990, for North Butte and Ruth properties assessed the construction of surge ponds at the North Butte site. The EA stated that a proposed surge pond design would need to be submitted for review and approval prior to construction of the ponds or initiation of operations. Pathfinder Mines Corporation (PMC) submitted the design for surge ponds at North Butte as an amendment to SUA-1540 and the NRC approved the design with Amendment number 15. Since SUA-1540 has rolled into SUA-1548 with the purchase of the North Butte and Ruth properties, the Smith Ranch Performance Based License applies to the existing North Butte/Ruth license as well. This allows Cameco Resources

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to review and approve proposed changes within the license if the SERP license conditions are met through the ORC/SERP process.

The proposed surge pond at North Butte has the same or better design specifications as the surge ponds approved by the NRC in SUA-1540 Amendment 15. Any changes or modifications are mostly related to instrumentation or material upgrades due to technological advances. The approved surge ponds at North Butte were described and designed to function the same as the proposed surge pond, and the volume of the proposed surge pond will be 4.43 ac-ft, as opposed to the previously approved capacity of 6.48 ac-ft. Additionally, the proposed surge pond was designed to meet the design specifications described by NRC and WDEQ Regulations.

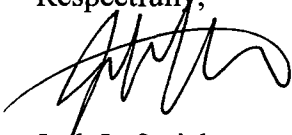
The ORC/SERP determined that the proposed surge pond lies within the envelope of previously approved NRC Environmental Assessments, Safety Evaluation Reports, Technical Evaluation Reports, and will not cause any of the conditions outlined in LC 9.4(b). Specifically, the construction and use of the proposed surge pond at North Butte will not cause additional physical or environmental harm than that previously evaluated by the NRC.

The complete documentation including the Safety and Environmental Evaluation, drawings, specifications, risk assessment, and scope of work is located at the Smith-Ranch Highland Site and is available for review during the next routine NRC inspection.

Supporting ORC/SERP reviews will be conducted for the startup of Mine Unit 1 at North Butte.

If you have any questions, please contact Josh Leftwich at 307-316-7600, or email to Josh_Leftwich@cameco.com.

Respectfully,



Josh Leftwich
Director, Safety, Health, Environment and Quality

JL/jmc

cc: Document Control Desk, NRC Certified Mail #7010 1870 0002 1233 7493

ec: Cameco-Cheyenne