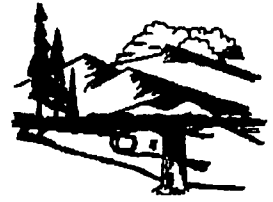




Department of Environmental Quality

To protect, conserve and enhance the quality of Wyoming's environment for the benefit of current and future generations.



Matthew H. Mead, Governor

Todd Parfitt, Director

March 5, 2013

CERTIFIED MAIL, RETURN RECEIPT REQUESTED # 7012 1640 0000 8427 2754

Mr. Ken Garoutte
Manager-Health, Safety and Environmental Affairs
Cameco Resources
P.O. Box 1210
Glenrock, WY 82637

**RE: Notice of Violation, Docket No. 5131-13
Cameco Resources (CR), Permit 603, Highland Uranium Project**

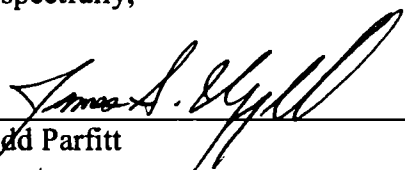
Dear Mr. Garoutte:

Enclosed you will find a Notice of Violation issued under the provisions of Wyoming Statute § 35-11-701(c). The Notice of Violation is the result of a lack of operational controls to control wellfield mining fluids resulting in an excursion outside of the aquifer exemption boundary. These violations were identified during the June 2011 Land Quality Division (LQD) Inspection.

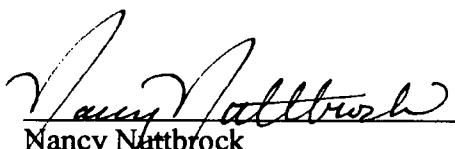
In effort to resolve this matter without further legal action, the LQD is requesting you contact Robin Jones, LQD, District I Supervisor at 307-777-8956 or robin.jones@wyo.gov within fifteen (15) days of receipt of this letter to schedule a meeting to discuss resolution of this enforcement action. Should resolution of this enforcement action be reached as a result of this meeting, a Settlement of Agreement will be signed by both parties.

If you should have any questions regarding this letter, contact Mr. Jones or Ms. Nancy Nuttbrock, LQD Administrator, at (307)777-7046. Thank you for your cooperation in this matter.

Respectfully,



Todd Parfitt
Director
Department of Environmental Quality



Nancy Nuttbrock
Administrator
Land Quality Division

Enclosure: Notice of Violation
cc: District 1
Doug Mandeville, NRC
John Wagner, Administrator, WQD

Herschler Building · 122 West 25th Street · Cheyenne, WY 82002 · <http://deq.state.wy.us>

ADMIN/OUTREACH (307) 777-7758 FAX 777-7682	ABANDONED MINES (307) 777-6145 FAX 777-6462	AIR QUALITY (307) 777-7391 FAX 777-5616	INDUSTRIAL SITING (307) 777-7369 FAX 777-5973	LAND QUALITY (307) 777-7756 FAX 777-5864	SOLID & HAZ. WASTE (307) 777-7752 FAX 777-5973	WATER QUALITY (307) 777-7781 FAX 777-5973
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**DEPARTMENT OF ENVIRONMENTAL QUALITY
STATE OF WYOMING**

NOTICE OF VIOLATION

**IN THE MATTER OF THE NOTICE OF
VIOLATION ISSUED TO
POWER RESOURCES, INC.
dba\Cameco Resources (CR)
P.O. BOX 1219
GLENROCK, WY 82637**

DOCKET NO. 5131-13

Re: Highland Uranium Project, Insitu Uranium Operation, Permit No. 603

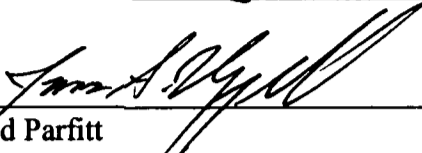
NOTICE

NOTICE IS HEREBY GIVEN THAT:

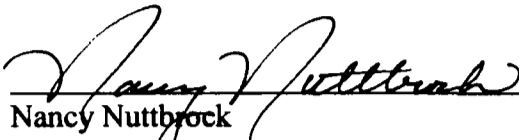
1. Notice of Violation (NOV) is being sent to you pursuant to Wyoming Statute (W.S.) §35-11-701(c)(i) which requires that a written notice shall be issued in the case of failure to correct or remedy an alleged violation.
2. Cameco Resources is the operator of the Highland Uranium Project insitu mine located in Converse County, Wyoming. On August 1, 2012, the Land Quality Division (LQD) received verbal notification of a confirmed excursion at monitor well FM-009 followed by a written report received on August 8, 2012. The June 2012 inspection cited two violations of the Noncoal Rules and Regulations related to the management of the excursion at well FM-009. A concern was that many of the header houses were stripped of all pipeline controls for wellfield bleed.
3. The Environmental Protection Agency (EPA) letter to the Department of Environmental Quality/Water Quality Division (DEQ/WQD) on September 11, 1991, provided concurrence with WQD's Class V designation for reclassification of groundwater and that the aquifer exemption for Wellfield F is restricted to the area within the ring of the ore zone monitoring wells. Note that movement of injection fluid that contaminates underground sources of drinking water is not allowed by the Federal Code of Regulations, Underground Injection Control, 40 CFR §144.12 and DEQ/WQD Chapter 8, Section 4(d)(viii)(B).
4. CR has not maintained the infrastructure and operational controls needed to prevent an excursion of lixiviant from leaving the monitor well ring in this portion of the F Wellfield. Failure to, at all times, properly operate and maintain all facilities and systems of treatment and control is a violation of Chapter 11, Section 9(a)(iv).
5. CR has failed to maintain an operational bleed in this portion of the F Wellfield to prevent the movement of fluid containing any contaminant into zones or intervals other than those authorized in the approved permit as required by Chapter 11, Section 11(d).
6. The excursion at well FM-009 is a violation of Chapter 11, Section 10(a)(i) which by reference restricts injection from Class III wells to production zones that have been classified by the DEQ as Class V aquifers under Chapter 8 of the WQD Rules and Regulations.
7. W.S. § 35-11-901(a) provides that any person who violates any provision of the Environmental Quality Act or any rule, standard, permit, license or variance adopted hereunder is liable to a penalty of ten thousand dollars (\$10,000) for each day of violation, which penalty may be recovered in a civil action brought by the Attorney General in the name of the People of the State of Wyoming.

NOTHING IN THIS NOTICE shall be interpreted in any way, limit or contravene any other remedy available under the Environmental Quality Act, nor shall this notice be interpreted as being a condition precedent to any other enforcement action.

SIGNED this 5th day of March, 2013



Todd Parfitt
Director
Department of Environmental Quality



Nancy Nuttbrock
Administrator
Land Quality Division

Please direct all inquiries regarding this Notice of Violation and Order to Mr. Robin Jones, Wyoming Department of Environmental Quality, Land Quality Division, Cheyenne Office, 122 West 25th Street, Cheyenne, WY 82002. Telephone No. (307) 777-8956.

CERTIFIED MAIL, RETURN RECEIPT REQUESTED #7012 1640 0000 8427 2754
DOCKET NO. 5131-13

cc: Robin Jones, District I