

January 14, 2014

Mr. Josh Leftwich
Director, Safety, Health,
Environment and Quality
Cameco Resources
2020 Carey Avenue
Suite 600
Cheyenne, WY 82001

SUBJECT: STORM WATER MANAGEMENT POND ISSUE NEAR HIGHLAND PLANT
SMITH RANCH URANIUM *IN SITU* RECOVERY FACILITY, LICENSE
SUA-1548, POWER RESOURCES, INC., CONVERSE COUNTY, WYOMING

The purpose of this letter is to inform Power Resources, Inc. (PRI), doing business as Cameco Resources (Cameco), of an issue identified during a recent U.S. Nuclear Regulatory Commission (NRC) inspection of the ExxonMobil Highland facility. As you know, the Highland central processing facility (CPF) previously operated under NRC license SUA-1139 and processed uranium ore using conventional techniques. Currently, the Highland CPF is licensed under PRI's NRC materials license SUA-1548.

On September 24, 2013, an NRC inspector visited two ponds located near the Highland CPF. The location of the Highland CPF and the ponds are shown on Figure 1. The inspector toured and surveyed the two ponds and found the radiation levels of one pond to be 80 microRoentgens per hour ($\mu\text{R/hr}$) at the edge of the pond liner. The background in that area was found to be approximately 15 $\mu\text{R/hr}$. This reading indicates radioactive contamination is present within the pond. The outside edge of the second pond area had no discernible radiation above background. The ponds are located within a fenced area with a locked gate. The inspector also observed a pump house that appears to contain equipment necessary to move liquid to the ponds. The ponds do not appear to be in use currently as uranium in-situ recovery (ISR) operations at the Highland CPF remain on standby. It is not clear if the ponds are necessary to support future ISR operations at the Highland CPF.

As the ponds are located within the current boundary for materials license SUA-1548, the staff asks that Cameco:

- 1) Determine whether the ponds and associated infrastructure (e.g., pump house and piping) are currently being used.
- 2) Determine whether or not the ponds and associated infrastructure are necessary to support future ISR operations at the Highland CPF.
- 3) If the answers to the first two questions are no, Cameco should commit to decommission and reclaim the ponds in a timely manner as required by 10 CFR 40.42.
- 4) If the answer to either of the first two questions is yes, Cameco should identify what, if any actions, are required to continue use of the ponds.

Please provide this information to the NRC within 45 days of receipt of this letter.

In accordance with 10 CFR 2.390 of NRC's "Agency Rules of Practice and Procedure," a copy of this letter will be available electronically for public inspection in the NRC Public Document Room or from the Publicly Available Records component of ADAMS. ADAMS is accessible from the NRC Web site at: <http://www.nrc.gov/reading-rm/adams.html>.

If you have any questions, I can be reached via email at douglas.mandeville@nrc.gov or at (301) 415-0724,

Sincerely,

/RA/

Douglas T. Mandeville, Senior Project Manager
Uranium Recovery Licensing Branch
Decommissioning and Uranium Recovery
Licensing Directorate
Division of Waste Management
and Environmental Protection
Office of Federal and State Materials
and Environmental Management Programs

Docket No.: 04008964

cc: Pam Rothwell (WDEQ)
Brent Berg (Cameco)
Bernard Bonifas (Cameco)
Mike Holland (ExxonMobil)

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Sincerely,

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Douglas T. Mandeville, Senior Project Manager
Uranium Recovery Licensing Branch
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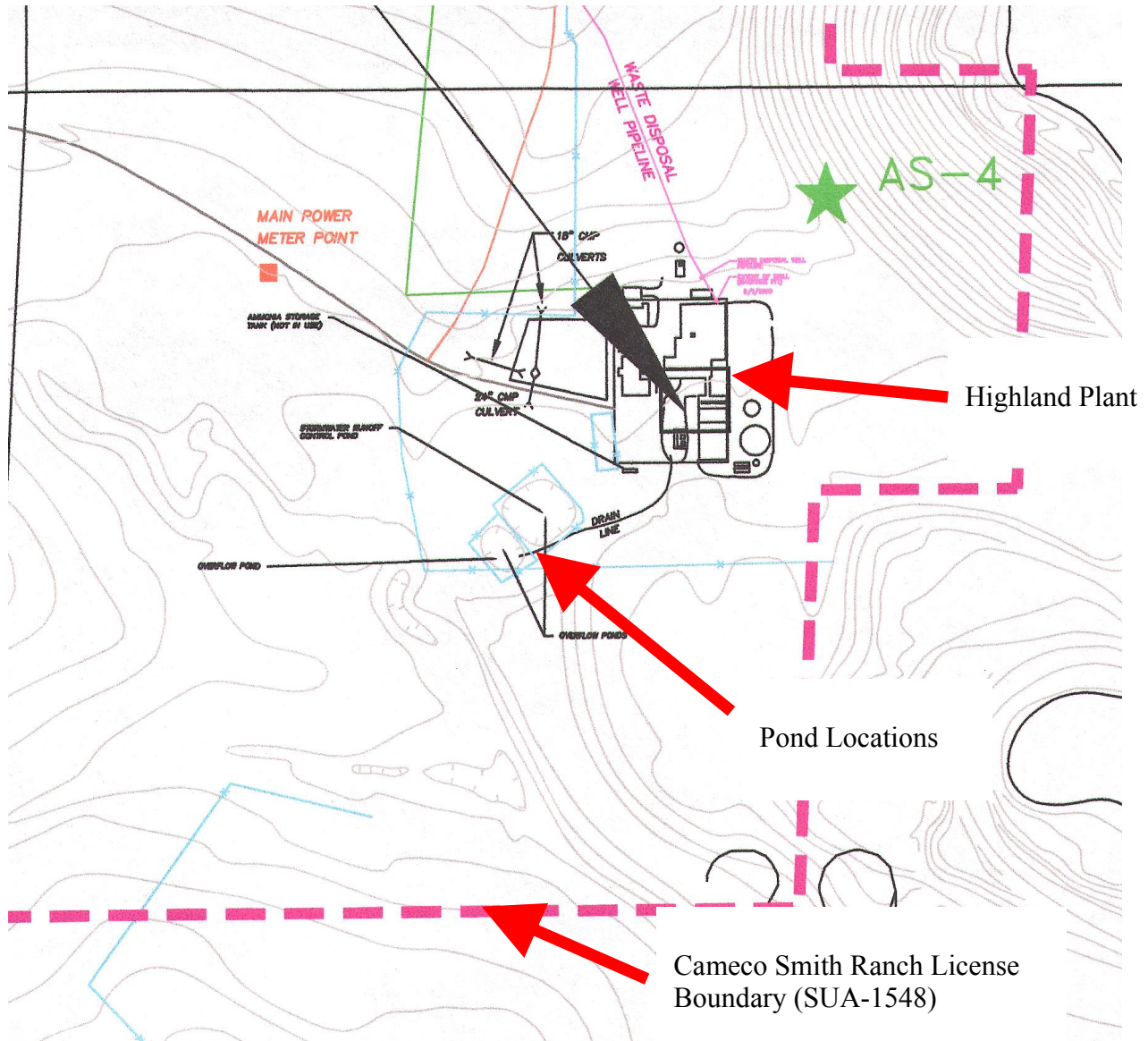
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Figure 1 – Location of Ponds



Modified from Power Resources, Inc. dba/Cameco Resources - Highland Uranium Project - WDEQ Permit 603 - Annual Report May 1, 2012 through April 30, 2013, Plate 2-1(HUP), Smith Ranch - Highland Uranium, Project Permit to Mine 603, Affected Acreage Map - 1 of 2 (Accession Number ML13303B150)