

DEPARTMENT OF ENVIRONMENTAL QUALITY
STATE OF WYOMING

NOTICE OF VIOLATION

IN THE MATTER OF THE NOTICE OF
VIOLATION ISSUED TO
POWER RESOURCES, INC.

DOCKET NO. 4122-07

P.O. BOX 1219

GLENROCK, WY 82637

Re: Insitu Uranium Operation, Permit #603

NOTICE

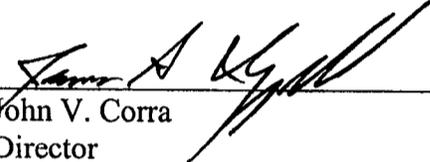
NOTICE IS HEREBY GIVEN THAT:

1. Notice of Violation is being sent to you pursuant to W.S. §35-11-701(c) which requires that a written notice shall be issued in the case of failure to correct or remedy an alleged violation.
2. On June 22, 2007 Power Resources, Inc. reported a spill of 198,500 gallons of injection fluid from well HI-744 in their H wellfield. Subsequent investigation by PRI discovered a failed fitting at production well HP-397, which contributed an estimated additional 3747 gallons of production fluid containing Uranium and trace minerals to the spill. A total of 3,500 gallons of fluid was recovered. PRI measured the total area affected by the spill(s) as 1.45 acres. LQD later measured the area with a GPS and found that 1.08 acres were potentially affected by the spill.
3. A June 28, 2007 inspection conducted by Pam Rothwell and Steve Ingle revealed that, as reported by PRI, a valve had been left open in the header house allowing injection fluids to flow into the disconnected injection well. The injection well had been serviced on May 25, 2007, so the five gallon/minute discharge may have been continuous for a period of up to 28 days.
4. This is in violation of the LQD Non-Coal Rules and Regulations, Chapter 11, Section 9(a)(iv) which requires the operator to "properly operate and maintain all facilities and systems of treatment and control which are installed or used by the operator to achieve compliance with the terms and conditions of the permit", and W.S. §35-11-415(b)(ii), which requires the operator to conduct all mining activities in conformity with the approved plan.
5. The spilled injection and production fluids flowed directly into an ephemeral drainage and continued downstream for approximately 2300 feet. Discharge of pollutants into surface waters is a violation of W.S. §35-11-415(b)(viii), which requires the operator to prevent pollution of surface and subsurface waters during the mining and reclamation operation.
6. Affecting native topsoil by the deposition of the injection and production fluids onto native topsoil is a violation of the Noncoal Rules and Regulations, Chapter 3 Section 2(c)(i).
7. By discharging pollution into waters of the state, PRI is in violation of W.S. §35-11-402(a)(vi), W.S. §35-11-301(a)(i), and Chapter 2 of the Wyoming Water Quality Rules and Regulations which state that "no person, except when authorized by a permit issued by the Department of Environmental Quality, shall cause, threaten or allow the discharge of any pollution or wastes into the waters of the state."

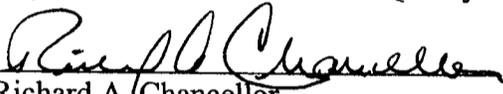
8. Wyoming Statute §35-11-901(a) provides that any person who violates any provision of the Environmental Quality Act or any rule, standard, permit, license or variance adopted hereunder is liable to a penalty of ten thousand dollars (\$10,000.00) for each day of violation, which penalty may be recovered 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 to in any way, limit or contravene any other remedy available under the Environmental Quality Act, nor shall this Order be interpreted as being a condition precedent to any other enforcement action.

SIGNED this 12th day of September, 2007



John V. Corra
Director
Department of Environmental Quality



Richard A. Chancellor
Administrator
Land Quality Division



John F. Wagner
Administrator
Water Quality Division

Please direct all inquiries regarding this Notice of Violation and Order to Mr. Lowell Spackman, Wyoming Department of Environmental Quality, Land Quality Division, Cheyenne Office, 122 West 25th Street, Cheyenne, WY 82002. Telephone No. (307) 777-7052.

CERTIFIED MAIL, # 7005 1820 0005 1478 8415
RETURN RECEIPT REQUESTED
DOCKET NO. 4122-07

Cc: Lowell Spackman, District I
Carol Bilbrough, LQD Cheyenne
Brian Lovett, WQD Cheyenne