

**DEPARTMENT OF ENVIRONMENTAL QUALITY
STATE OF WYOMING**

NOTICE OF VIOLATION

**IN THE MATTER OF THE NOTICE OF
VIOLATION ISSUED TO
POWER RESOURCES, INC.
P.O. BOX 1219
GLENROCK, WY 82637**

DOCKET NO. 4598-09

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

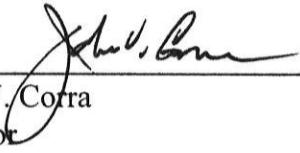
NOTICE

NOTICE IS HEREBY GIVEN THAT:

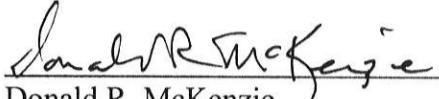
1. Notice of Violation (NOV) is being sent to you pursuant to Wyoming Statute (W.S.) §35-11-701(c)(i) which requires that a written notice shall be issued in the case of failure to correct or remedy an alleged violation.
2. On July 30, 2009 the Land Quality Division (LQD) received a letter from Cameco Resources (CR) describing an unreported monitor well excursion in Monitor Well FM-8, which occurred on July 7, 2009.
 - A. The LQD Noncoal Rules and Regulations (R&R), In Situ Mining, Chapter 11, Section 9(a)(iv) requires proper operation and maintenance of all facilities where treatment and control has occurred. W.S. § 35-11-429(a)(i), requires an operator to give verbal notice of an excursion as soon as practical after the excursion is confirmed. The LQD Noncoal R&R, Chapter 11, Section 12(b) defines confirmation of an excursion as any detected excursion followed by a second or third repeat sample within 24 hours of the original detection which confirms the excursion. Furthermore, the Noncoal R&R Chapter 11, Section 12(c) requires the operator to verbally report any confirmed excursion within 24 hours of confirmation and submit a written report within five days of the confirmation, detailing the procedures for mitigating or controlling the excursion.
 - B. The Highland Uranium Project Mine Plan for Permit 603, Section 8.4 defines an excursion when any two of the three Upper Control Limit (UCL) parameters, chloride, bicarbonate, and conductivity are exceeded. It further states that a verification sample is taken within 24 hours of the determination that a sample has exceeded two of the three UCL values. The verification sample is to be split and analyzed in duplicate to assess analytical error.
3. CR failed to conduct the confirmation sampling for Monitoring Well FM-8 within 24 hours of the original detection, therefore violating the LQD Noncoal R&R Chapter 11, Section 12(b).
4. During the LQD inspection of September 28, 2009, the LQD determined that the topsoil and subsoil had not been removed from the area to be affected during the installation of a pipeline junction or bell hole in Wellfield D, adjacent to Header House D-5.
5. CR failed to protect the topsoil and subsoil from the underlying waste material during the installation of a pipeline conjunction or bell hole in Wellfield D, therefore violating the LQD Noncoal R&R, Chapter 3, Section 2(c)(i)(A) and (ii)(A).
6. W.S. §35-11-901(a) provides that any person who violates and 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 8 day of DEC, 2009



John V. Corra
Director
Department of Environmental Quality



Donald R. McKenzie
Administrator
Land Quality Division

Please direct all inquiries regarding this Notice of Violation and Order to Ms. Pam Rothwell, Wyoming Department of Environmental Quality, Land Quality Division, Cheyenne Office, 122 West 25th Street, Cheyenne, WY 82002. Telephone No. (307) 777-7048.

cc: Lowell Spackman, District I
Pam Rothwell, District I
Doug Mandeville, NRC