

**WYOMING DEPARTMENT OF ENVIRONMENTAL QUALITY
LAND QUALITY DIVISION**

SETTLEMENT AGREEMENT – DOCKET NO. 4598-09

The Wyoming Department of Environmental Quality, Land Quality Division (WDEQ/LQD) and Cameco Resources (CR) authorized to do business in Wyoming, enter into this Settlement Agreement to fully and finally resolve without litigation the violations alleged in **Notice of Violation (NOV) Docket No. 4598-09 dated December 8, 2009**. The NOV, issued for LQD Permit 603, alleges that CR, 1) failed to conduct confirmation sampling for monitoring well FM-8 within the required 24 hours of detection period. The original sample collected on July 7, 2009 (as reported in September 10, 2009 letter from CR) indicated the well had exceeded the alkalinity and conductivity upper control limits (UCLs) used for monitoring excursions. In addition, the NOV alleges that topsoil and subsoil had not been salvaged from an area affected during installation of a pipeline junction in Wellfield D adjacent to Header House D-5.

Wyoming Statute (W.S.) §35-11-701(c) authorizes the WDEQ/LQD to attempt to eliminate the cause of the violations by conference and conciliation, in lieu of litigation. To that end, CR and the WDEQ/LQD hereby stipulate and agree as follows:

1. The WDEQ/LQD pursuant to W.S. §35-11-104 is a department in the executive branch of the state government of Wyoming and is principally situated in Cheyenne, Wyoming. DEQ is the agency with the responsibility for administering the Wyoming Environmental Quality Act including all provisions of the WDEQ/LQD Rules and Regulations (R&R).
2. CR is the permittee of Permit 603, an in-situ uranium mine associated with the NOV. Monitor well FM-8 is included in Wellfield F and is located primarily in Township 36 North, Range 73 West, Section 22, Converse County. Wellfield F is in pre-restoration phase and was shut in at the time of the sampling event which identified the unconfirmed potential for an excursion.
3. LQD 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 confirmation, detailing the procedures for mitigating or controlling the excursion. 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.
4. CR self-reported the failure to conduct follow-up sampling for the potential excursion at FM-8. Investigation into the potential excursion discovered repeat sampling had not occurred to determine whether the well was on excursion. This is violation of R&R Chapter 11, Section 12(b).

The underlying concern of failure to identify and follow-up with confirmation sampling is considered *absolutely essential* to the operations of in-situ mining. The circumstances leading to the missed sampling event are noted to have resulted from errors in internal communication.

It is further noted that this is a second event of missed reporting in less than a one year period documented by the Notice of Violation Docket No. 4419-09 (i.e., CM-14).

Finally, the recent review of CR's 2009 Third Quarter Excursion Monitoring Report for Permits 603 and 633 (sent to CR on December 15, 2009) indicates several other wells were on excursion during the report period that were not reported. LQD has requested a response to the review.

5. During the LQD inspection of September 28, 2009, the LQD determined that the topsoil and subsoil had not been removed and salvaged from the area that was affected during

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the installation of a pipeline junction or bell hole in Wellfield D, adjacent to Header House D-5. Failure to protect the topsoil and subsoil from the underlying waste material during the installation of a pipeline conjunction or bell hole in Wellfield D, is a violation of LQD Noncoal R&R, Chapter 3, Section 2(c)(i)(A) which states, "All topsoil or approved surface material shall be removed from all areas to be affected in the permit area prior to these areas being affected unless otherwise authorized by the Administrator. The topsoil may be mixed with the subsoil but shall be segregated so as not to become mixed with spoil or waste material..." and (ii)(A) which states, "Except as provided in (B), all subsoil determined by field methods or chemical analysis to be suitable as a plant-growth medium shall be removed from all areas to be affected and handled in accordance with the topsoil requirements of this Section."

6. To partially mitigate the missed sampling event and the failure to salvage topsoil, CR agrees to the following corrective actions:
 - 6A CR will provide a permit commitment to submit a monthly report which tracks and summarizes excursion reporting according to Chapter 11, Section 12 as part of the Combined Permit Amendment (TFN 5 6/100, to be submitted to LQD no later than March 31, 2010). The proposed tracking report shall include information beginning August, 2007 as illustrated on the sample attachment, *Excursion Tracking Report*. The review of the tracking sheet will commence under TFN 5 6/100. This item will be abated upon recognition that the tracking report is included within the Combined Permit Amendment. CR will begin providing format tracking reports no later than March 31, 2010 with final format approval to occur with the approval of the Combined Permit Amendment.
 - 6B CR will provide responses to the detailed LQD review of the 2009 Third Quarter Excursion Report (submitted to CR on December 15, 2009) by March 31, 2010. This item will be considered abated upon LQD recognition that the report has been addressed.
 - 6C The violations noted in No. 5 above were corrected as observed by the WDEQ/LQD on November 5, 2009. The area had been seeded and crimp mulched to protect the soil mixture from wind and water erosion. Although there was topsoil and subsoil lost due to mixing of the soil with non-soil material, the area has been reseeded, and therefore, this violation has been mitigated. Final abatement of this item will be determined by the establishment of interim vegetation and stabilization of the soils during a late summer/fall LQD inspection and subsequent inspection report. CR must continue to evaluate their soil handling practices to ensure the protection of this resource.
7. Subject to the waiver hereafter set forth, CR agrees to pay Thirteen Thousand Dollars (\$13,000.00) as a stipulated settlement as partial resolution to this matter in lieu of litigation under W.S. §35-11-901(a)(ii). The payment is to be paid in two portions as outlined in 7A and 7B below. However, if CR does not satisfy the terms of this Settlement Agreement, an additional Ten Thousand Dollars (\$10,000) will be due within thirty (30) days notice by the DEQ.
 - 7A Payment in the amount Three Thousand Dollars (\$3,000.00) shall accompany this Settlement Agreement with your signature. This signed agreement and payment are due no later than 15 days after CR's receipt of the final version of this agreement. This payment to WDEQ/LQD shall be by check made payable to the Wyoming Department of Environmental Quality/Land Quality Division and shall be sent to: Donald R. McKenzie, Administrator, Wyoming Department of Environmental Quality, Land Quality Division, Herschler Building, 3 Floor-West, 122 West 25th Street, Cheyenne, Wyoming 82002.
 - 7B Upon execution of the Settlement Agreement, CR will pay Ten Thousand Dollars (\$10,000.00) directly toward the WDEQ Environmental Engineering Intern Account, University of Wyoming (UW) as a Supplemental Environmental Project (SEP). Payment of the UW Environmental Engineering Intern Account shall be

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by check with reference to Account #WYDEQ6867 and sent to: University of Wyoming, Office of Sponsored Programs, Attn. Christy Rickard, Manager, Dept. 3355, 1000 E. University Ave., Laramie, Wyoming 82071-3355.

Cameco Resources, Inc. shall complete the SEP payment within sixty (60) days of the full execution of this Agreement unless CR and the WDEQ/LQD mutually agree to an extension of time. The SEP shall be completed with the payments described above and a receipt submitted to the WDEQ/LQD, Attn: Donald R. McKenzie, Administrator, Wyoming Department of Environmental Quality, Land Quality Division, Herschler Building, 3 Floor-West, 122 West 25th Street, Cheyenne, Wyoming 82002 within thirty (30) days after the completion of the SEP.

CR hereby certifies that as of the date it signs this Agreement, CR is not required to perform or develop this SEP by any federal, state or local law or regulation; nor is CR required to perform or develop this SEP pursuant to any other agreement or relief in any other case. CR further certifies that it has not received and is not presently negotiating to receive credit for the SEP in any other pending action.

8. This signed Settlement Agreement by CR as specified above shall constitute full satisfaction for and resolution of all claims by the WDEQ/LQD against CR based on the violations alleged in this Settlement Agreement. Contingent upon CR compliance with the terms of this Settlement Agreement, the WDEQ/LQD will refrain from taking further enforcement action against CR for these particular violations cited in this Settlement Agreement.
9. CR waives any statute of limitations which may apply to an enforcement action by the WDEQ/LQD involving the specific matters described herein, under item Nos. 2, 3, 4 and 5 above, in the event that CR fails to fulfill their obligations under this Settlement Agreement.
10. Nothing in this agreement precludes WDEQ/LQD from taking additional enforcement action, including the issuance of a NOV, and/or pursuing additional penalties, should CR violate the Wyoming Statutes or applicable R&R in the future.
11. This Settlement Agreement shall be admissible by either party without objection by the other party in any subsequent action between these parties.
12. Notwithstanding any other language in this Settlement Agreement, the State of Wyoming and WDEQ do not waive sovereign immunity by entering into this Settlement Agreement with CR and specifically retain all immunity and all defenses available as sovereigns under state and federal law.
13. This Settlement Agreement is binding upon CR successors and assigns, and upon the WDEQ/LQD.
14. The persons signing this Settlement Agreement certify that they are duly authorized to bind their respective parties to this Settlement Agreement.

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FOR CAMECO RESOURCES:

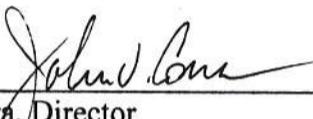
Signed: 

Date: JAN 27, 2010

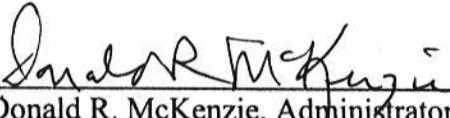
Typed: Thomas P. Young

Title: V.P., Operations

FOR THE WYOMING DEPARTMENT OF ENVIRONMENTAL QUALITY:


John V. Corra, Director
Wyoming Department of Environmental Quality

1/28/10
Date


Donald R. McKenzie, Administrator
Land Quality Division

01/27/10
Date

JVC/DRM/pcr

cc: Becky Brosius, NOV Files (603)
Lowell Spackman, WDEQ/LQD District 1 Supervisor

**ATTACHMENT TO SETTLEMENT AGREEMENT NOV DOCKET NO. 4598-09
 CAMECO RESOURCES EXCURSION TRACKING REPORT FOR PERMITS 603 AND 633
 (Month/Year)**

WELLFIELD/ WELL/TYPE	FIRST SAMPLE	CONFIRMATION DATE	LQD NOTIFICATION OF EXCURSION	FOLLOW-UP LETTER w/smpl results/map	PARAMETERS EXCEEDED	CR RESOLUTION LETTER	LQD CONCURRENCE LETTER
CMU1	8/7/07					8/26/07 Was not on excursion	
CMU3	8/7/07					8/26/07 Was not on excursion	
CM-32	7/3/07	7/10/07	7/11/07	7/11/08	Cl Cond		
CM-33	2/22/08	2/27/08	2/27/08	3/4/08	Cl Cond		
IM-8	11/12/08	11/14/08	11/14/08	11/19/08	Cl Alk	11/20/08 KW called officially off excursion	
CM-15	11/18/08	11/19/08	11/20/08	11/24/08	Cl Alk		
CM-14	9/4/08	Conf smpl not done Checked with smpl on 11/24/09	No Second Sample – LQD notified CR of no notification (rev. of quarterly report)	Resampled 11/21/08 found off excursion Letter sent 11/24/08 confirm no excursion	Al Cond	NOV issued 1/23/09, no follow-up sample	
IM-10	?	?	2/17/09	3/11/09	Cl Alk	3/3/09 smpl. off excurs.	
IM-14	?	?	3/30/09	4/30/09	Cl Alk	4/13/09 smpl off excurs.	
IM-8	5/20/09	5/21/09	5/22/09	5/26/09	Cl Alk	6/16/09 smpl Off excurs	
IM-8	?	?	7/31/09	8/28/09	Cl, Alk	9/1/09 smpl Off excurs	
FM-8	7/7/09	No conf. smp	7/22/09	7/27/09	Alk Cond	NOV issued 12/8/09, no conf smpl	
DM-3	11/19/09	11/20/09	11/23/09	11/25/09 Previously on exc. - unreported	Cl Alk		
HM-20	1/12/10	1/13/09	1/14/10	1/18/10	Cl Alk		