

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. 4231-08

P.O. BOX 1219

GLENROCK, WY 82637

Re: Insitu Uranium Operation, Permit #603

Re: Insitu Uranium Operation, Permit #633

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 specifying the provision of the act, rule, regulation, standard, permit, license, or variance alleged to be violated.
2. As a result of Land Quality Division (LQD) concerns over the slow pace of groundwater restoration of wellfields at Power Resources, Inc. Permits 603 and 633 Insitu Uranium Mine, an investigation was conducted of the mine and reclamation plans in the approved permits, plus information provided in annual reports. This investigation was conducted by LQD staff during October and November of 2007. In addition to the violations cited below, LQD identified serious deficiencies with both permits. The plans contained in the permit documents are dated and incomplete in numerous ways: spill detection, reporting, and follow-up protocols are not defined in the permit; groundwater restoration procedures, necessary facilities, and time schedules for restoration must be thoroughly described; waste disposal facilities and processes must be described for all waste streams; all critical process installations need thorough construction details and specifications; and topsoil protection procedures are not adequately defined. As a consequence of the inadequacies of the permits, both operations are seriously under-bonded.
3. The investigation found that PRI failed to conduct concurrent reclamation which is a violation of Chapter 3, Section 2(k)(i)(D) requiring concurrent reclamation; and that PRI failed to follow the approved permits, which is a violation of W.S. §35-11-415(a). The following lists the specific violations:

Permit 603

- a. Wellfield C was in production for approximately ten years. The approved Mine Plan states, "*Once a wellfield is installed it takes approximately one to three years to recover the leachable uranium from a production area.*" Extending the production time period has become a routine practice and is not in compliance with the approved permit or the requirement for concurrent reclamation.
- b. In addition to the production phase, Wellfield C has now been in restoration for ten years. The 2007 Annual Report states that the ground water quality is similar to "*end of mining*" wellfield conditions. The permit states that restoration and stability are estimated to take approximately five years. This restoration delay is not in compliance with the approved permit or the requirement for concurrent reclamation.
- c. Wellfield E has removed 100% of the leachable reserves, and in recent years wellfield production has slowed to maintenance levels. This rate of production delays completion of mining and restoration of this wellfield

unit. This is not in compliance with the approved permit, and is a violation of Chapter 2, Section 2(b)(ii) which requires coordination of the Mine and Reclamation Plans to facilitate orderly development and reclamation.

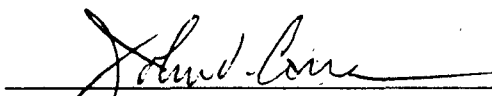
- d. The timetable listing the schedule of mining-related activities in the permit (Figure A, page OP-3A) and the timetable provided in the 2007 annual report both indicate that PRI is not in compliance with their restoration schedules for Wellfields C, D, and E. The schedule shows that Wellfield C should be decommissioning instead of in restoration, and that Wellfields D and E should be in restoration instead of production.

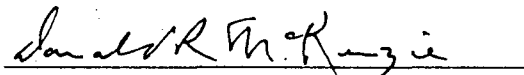
Permit 633

- a. The permit indicates that "An updated schedule will be supplied with the annual report if the mining or restoration schedule varies from Table 3-1." The timetable commitments in the permit are not consistent with wellfield status. Therefore, the table in the annual report is the schedule that PRI is committed to for wellfield status. Based on this table, PRI is not in compliance with their restoration schedules for Wellfields 2, 3, and 4/4A. The annual report text indicates that Wellfield 2 will continue to be in production, while the annual report schedule referred to in the permit shows that it will be in restoration in 2008. Wellfields 3 and 4/4a should be in restoration instead of production.
- b. The permit states that it generally takes "three years for uranium production, and three years for aquifer restoration." Actual times for wellfield production and restoration are, thus far, 2-3 times longer than permit commitments.
4. 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 7th day of March, 2008


John V. Corra
Director
Department of Environmental Quality


Donald R. McKenzie
Administrator
Land Quality Division

Please direct all inquiries regarding this Notice of Violation to Mr. Donald R. McKenzie, Administrator, Land Quality Division, Wyoming Department of Environmental Quality, 122 West 25th Street, Cheyenne, WY 82002. Telephone No. (307) 777-7046.

cc: Lowell Spackman, District I
Mark Moxley, District II
Docket # 4231-08
Doug Mandeville, NRC