

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

SETTLEMENT AGREEMENT – DOCKET NO. 4419-09

The Wyoming Department of Environmental Quality, Land Quality Division (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. 4419-09 dated January 23, 2009**. The NOV alleges that CR, 1) failed to conduct confirmation sampling for monitoring well CM-14 within the required 24 hours of detection period. The original sample collected on September 4, 2008 (as reported in the quarterly monitoring records) indicated the well had exceeded the upper control limits (UCLs) used for monitoring excursions.

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 for Permit 603, an insitu uranium mine associated with the NOV. Monitor well CM-14 is included in wellfield C, which is located primarily in Township 36 North, Range 73 West, Section 14, Converse County. Wellfield C is in the restoration phase, with reverse osmosis occurring at the time of the potential 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 the 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. LQD staff noted a potential excursion in Wellfield C at monitoring well CM-14 during review of the 2008 third quarterly monitoring report submitted on October 23, 2008. Investigation into the potential excursion discovered repeat sampling had not occurred to determine whether the well was on excursion. This is a violation of R&R Chapter 11, Section 12(b).
5. The next bi-monthly routine sample collected on November 10, 2008 indicated two of the three UCL's had dropped to acceptable levels. CR repeated the sampling on November 24, with similar results.
6. To partially mitigate the unreported potential excursion CR agrees to the following corrective actions:

6-A A section addressing excursions will be added to the permit Reclamation Plan similar to the section on excursions in the Mine Plan. The section shall include discussion of sampling and reporting for confirmed excursions. The revision shall be submitted for LQD review by April 30, 2009.

6-B CR will provide monitoring data in "pdf" electronic format for more efficient reviews of the Quarterly Monitoring Reports beginning with the 2009 First Quarter data.

6-C CR will submit a detailed report of the procedures currently in effect and any new procedures proposed to be implemented to minimize the potential for recurrence of this incident by April 30, 2009.

6-D CR will update their Environment, Health and Safety, Standard Operating Procedure (SOP) with revised detection and reporting procedures for LQD review during any site inspection occurring after April 30, 2009.

7. Subject to the waiver hereafter set forth, CR agrees to pay Five Thousand Dollars (\$5000.00) as a stipulated settlement as partial resolution to this matter in lieu of litigation under W.S. §35-11-901(a)(ii). Payment in the amount Five Thousand Dollars (\$5000.00) shall accompany this Settlement Agreement with your signature. This signed agreement and payment are due no later than March 4, 2009. In the event that 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. The payment noted above is a reflection of CR's cooperation and the steps that have been taken to limit the potential for excursion detection and reporting errors. 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.
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 waive any statute of limitations which may apply to an enforcement action by the WDEQ/LQD involving the specific matters described herein, under item Nos. 3 and 4 above, in the event that CR fail 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.

FOR CAMECO RESOURCES:

Signed: Stephen P. Collings

Date: 3/19/2009

Typed: Stephen P. Collings

Title: President

FOR THE WYOMING DEPARTMENT OF ENVIRONMENTAL QUALITY:

John V. Corra
John V. Corra, Director
Wyoming Department of Environmental Quality

3/4/09
Date

Donald R. McKenzie
Donald R. McKenzie, Administrator
Land Quality Division

03/02/09
Date

JVC/DRM/pcr

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