

# Probe finds uranium mine violations

By DUSTIN BLEIZEFFER



Drums of yellowcake sit at the Smith-Highland Ranch uranium mine waiting to be loaded onto trucks for shipment to a conversion facility in this photo from 2006. The mine near Douglas has routinely violated environmental standards, state officials say. Star-Tribune file photo. [oas:casperstartribune.net/news/wyoming:Middle1]

Star-Tribune energy reporter

What has been considered Wyoming's "model" in-situ uranium mine, and the only operational uranium facility in the state in recent years, is under scrutiny by state regulators for what they describe as an alarming volume of environmental violations.

Following an investigation last fall, the Wyoming Department of Environmental Quality has issued a notice of violation to Power Resources Inc., which operates the Smith-Highland Ranch in-situ leach uranium mine north of Douglas.

The six-page investigation report details several "long-standing" environmental concerns at the mine. Among them are delayed restoration of groundwater, "routine" spills, and a seriously inadequate bond to cover restoration.

"Given that PRI's operation has for many years been the major uranium producer in Wyoming, there is an expectation that the operation might serve as a model for excellence in (in-situ leach) mining. Unfortunately, this is not the case," DEQ land quality District 2 supervisor Mark Moxley wrote in a Nov. 21, 2007, report.

On March 10, DEQ issued a notice of violation to Power Resources Inc., a wholly owned subsidiary of Cameco Corp., detailing alleged violations pursuant to two permits.

"Upon reading this report, it's clear a lot of the issues raised are based on documentation, which is not a good reflection of our environmental performance," Cameco Corp. spokesman Gord Struthers said Thursday.

Cameco is committed to keeping better records and documentation, Struthers said.

He said the company is in the process of updating timetables for restoration and other aspects of operations at the mine to accurately reflect actual progress. The company is also "in a very sound financial position," so it can easily increase its bond to adequately cover restoration of the mining activity, he said.

"It's real hard to trumpet our values in this situation," Struthers said. "But I think that over the years it's pretty clear the company has been a solid performer. The environment is one of our top priorities."

The in-situ mining process involves a series of closely spaced wells that flush uranium material through water aquifers. The technique has been touted as a more environmentally friendly way of mining uranium than underground or surface strip mining.

Moxley's report concluded that the mine routinely extends production times for some well fields. "Well field C," for example, was in production for 10 years instead of the planned one to three years. Underground water restoration is supposed to occur simultaneously with ongoing production, but that rarely happens at the mine, according to the report.

Production and restoration time frames have doubled and tripled, yet the mine still proposes to bring additional well fields into production, according to the report.

Currently, Power Resources Inc. is bonded for \$38.4 million to cover the cost of restoration at the mine, according to DEQ. That's based on a calculation of a staff of 26 people, 22 of them on a salary of \$34,000 per year.

"If their current operations require a staff of 100 people then it will take at least to 2/3 of that staff to conduct restoration," Moxley stated in the report. "Retaining competent staff will require that wages and benefits be at least \$50,000 per year."

"All those well fields are going to be restored to a point acceptable to federal and state regulators," Struthers said. "There is some acceptance within the company that we could be more proactive in our restoration activity."

Cameco's Smith-Highland Ranch mine is currently the only producing uranium mine in Wyoming. It produced a record 2 million pounds of uranium oxide in 2006, and was expected to produce at about the same level in 2007.

Cameco is the world's largest producer of uranium. It has four active mines in North America, including the Crow Butte mine in Nebraska.

The alleged years-long, routine violation of environmental standards at the Smith-Highland Ranch in-situ uranium mine revealed that the Wyoming Department of Environmental Quality's oversight of the operation failed, according to DEQ Director John Corra.

But Corra insists that DEQ staff was not "asleep at the switch."

"We were inspecting this place, we were looking at the reports," Corra said, adding that he's not making excuses.

"Had we exercised the proper level of oversight, it wouldn't have gotten this far," Corra said.

DEQ's lack of oversight comes at a time when regulators expect to receive seven or more applications for new in-situ leach uranium mining operations throughout the state. Dozens of new players intend to open production from Rawlins to the Gas Hills to the Powder River Basin and into the extreme northeast corner of the state.

The in-situ mining process involves a series of closely spaced wells that flush uranium material through water aquifers. Several landowners and conservation groups have expressed concern in recent months about whether regulators are prepared to protect groundwater and surface resources.

"Even if the state and the public receives appropriate assurances from the companies up front through permit conditions and bonding, the Department may not have the capacity to investigate and enforce violations the way you have done in this matter. We have heard these concerns echoed by department staff," Powder River Basin Resource Council organizer Shannon Anderson said in a recent letter to

DEQ.

Land quality and water quality division officials within DEQ are in the process of re-evaluating procedures and staffing levels in regard to the expected increase of uranium mining in the state, according to Corra.

Those recommendations are forthcoming, he said.

Corra said it was an anonymous tip that prompted then DEQ land quality administrator Rick Chancellor to conduct an investigation of the Smith-Highland Ranch uranium mine, which falls within the division's District 1. Beginning in October 2007, Chancellor brought in the division's District 2 supervisor, Mark Moxley, to lead the investigation in order to get a "fresh set of eyes" perspective.

Chancellor has since left the land quality division to become administrator of the Abandoned Mine Lands division.

Don McKenzie is the new land quality division administrator. He said there's been no disciplinary action within DEQ staff as a result of the Smith-Highland Ranch investigation.

Of the environmental performance at the Smith-Highland Ranch mine, McKenzie said, "I have no intention of allowing this to continue."

Despite what DEQ considers grossly inadequate bonding for the mine, the mine has been allowed to continue normal operations.

Corra said it was unfortunate that it took a high-level investigation to bring the alleged scope of violations at the Smith-Highland Ranch mine to light. Staffing and a dwindling knowledge base in the uranium industry were factors, he added.

"Regardless of what the staff did or did not do best, it does not relieve a permit holder from doing what they are supposed to do," Corra said. "We're taking actions to make sure there's not a recurrence of this sort of situation."

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