

April 16, 2001

Mr. Mark S. Pelizza, President
Hydro Resources, Inc.
12750 Merit Drive
Suite 720, LB 12
Dallas, TX 75251

SUBJECT: ACCEPTANCE OF RESTORATION ACTION PLAN FOR HYDRO
RESOURCES IN-SITU URANIUM MINING PROJECT, LICENSE SUA-1580

Dear Mr. Pelizza:

The U S. Nuclear Regulatory Commission (NRC) staff has reviewed the Hydro Resources, Inc. (HRI) responses, dated March 16, 2001, to the NRC's February 16, 2001, "Request for Additional Information Concerning Restoration Costs for Hydro Resources In-Situ Uranium Mining Project." The specific questions in the staff's Request for Additional Information (RAI) were based on its review of the November 21, 2000, Restoration Action Plan (RAP) submitted by HRI in response to the Commission's Memorandum and Order, CLI-00-08, dated May 25, 2000.

The Commission's Order added a condition to HRI's license prohibiting HRI from using its license "until the NRC Staff has approved its decontamination, decommissioning, and reclamation plan, including the requisite financial-assurance plan and cost estimate." CLI-00-8, 51 NRC 227, at 242. With respect to the cost estimates on which HRI's initial surety would be based, the Commission further stated that HRI need only address anticipated costs related to operations at its Church Rock Section 8 site, and that an NRC-approved surety arrangement need not be in place until HRI is ready to begin its mining operations at Section 8. See *id.*, at 242 and n.19, *citing* HRI License Condition 9.5. Pursuant to Condition 9.5, the initial surety will be subject to annual updates.

The RAP, and the Crownpoint Uranium Project Consolidated Operations Plan, Rev. 2.0, August 15, 1997 (COP), which is referenced throughout the RAP, state that the preliminary well field design(s) for Church Rock Section 8 will be further refined based on the results of additional exploratory drilling prior to the start of operation. The well fields will be sequentially developed, and HRI anticipates that reclamation of the well field(s) will be in phases. The COP predicts that four Church Rock Section 8 well fields will be operated and reclaimed over five-and-a-half years.

At this time, HRI has not established a projected date to begin work at the Church Rock Section 8 site, and it has not obtained other regulatory agency permits required prior to operation. Consequently, before mining begins at Section 8, HRI must update the RAP and submit to the NRC for review and approval of any changes as part of the process of establishing the requisite NRC-approved surety mechanism. After the start of operations at the Church Rock Section 8 site, information gained on the site characteristics will be factored in to each annual surety update.

Mr. M. Pelizza

2

The staff has determined that the HRI responses to the RAI are adequate. These responses, in combination with the information in the RAP and the COP, provide an acceptable plan and cost estimate for the decontamination, decommissioning, and restoration of the first well field that could be established at Church Rock Section 8, and the related processing area located in Crown Point, New Mexico. Accordingly, the staff is hereby approving the RAP.

Please contact Ken Hooks, the NRC Project Manager for the Hydro Resources, Inc. site, at 301- 415-7777 or by e-mail at krh1@nrc.gov, if you have any questions concerning this matter.

In accordance with 10 CAR 2.790 of the NRC's "Rules of Practice," a copy of this letter will be available electronically for public inspection in the NRC Public Document Room or from the PUBLICLY Available Records (PARS) component of NRC's document system (ADAMS). ADAMS is accessible from the NRC Web site at <http://www.nrc.gov/NRC/ADAMS/index.html> (the Public Electronic Reading Room).

Sincerely,

/RA/

Daniel M. Gillen, Acting Chief
Fuel Cycle Licensing Branch
Division of Fuel Cycle Safety
and Safeguards
Office of Nuclear Material Safety
and Safeguards

Docket No.: 40-8968
License No.: SUA-1580

cc: See attached mailing list

The staff has determined that the HRI responses to the RAI are adequate. These responses, in combination with the information in the RAP and the COP, provide an acceptable plan and cost estimate for the decontamination, decommissioning, and restoration of the first well field that could be established at Church Rock Section 8, and the related processing area located in Crown Point, New Mexico. Accordingly, the staff is hereby approving the RAP.

Please contact Ken Hooks, the NRC Project Manager for the Hydro Resources, Inc. site, at 301- 415-7777 or by e-mail at krh1@nrc.gov, if you have any questions concerning this matter.

In accordance with 10 CAR 2.790 of the NRC's "Rules of Practice," a copy of this letter will be available electronically for public inspection in the NRC Public Document Room or from the PUBLICLY Available Records (PARS) component of NRC's document system (ADAMS). ADAMS is accessible from the NRC Web site at <http://www.nrc.gov/NRC/ADAMS/index.html> (the Public Electronic Reading Room).

Sincerely,

/RA/

Daniel M. Gillen, Acting Chief
Fuel Cycle Licensing Branch
Division of Fuel Cycle Safety
and Safeguards
Office of Nuclear Material Safety
and Safeguards

Docket No.: 40-8968
License No.: SUA-1580

cc: See attached mailing list

DISTRIBUTION: File Center FCSS r/f FCLB r/f CNWRA
BSpitzberg, RIV ARamirez ACNW EBrummett
JHull/OGC MLayton WFord DRom

G:\EPAB\KRH\HRIRAPOK.WPD

Accession No: ML * See previous concurrence**

OFC	FCLB		FCLB		FCLB		OGC		FCLB	
NAME	KHooks *		ARamirez*		DGillen*		JHull		DGillen	
DATE	04/11/01		04/11/01		04/12/01		04/13/01		04/16/01	

OFFICIAL RECORD COPY

Mailing list

Administrative Judge, Thomas S. Moore
Presiding Officer
Atomic Safety and Licensing Board
Mail Stop T-3 F23
U.S. Nuclear Regulatory Commission
Washington, D. C. 20555

Jep Hill, Esq.
Jep Hill and Associates
816 Congress Avenue
Austin, Texas 78701

Diane Curran, Esq.
Harmon, Curran, Spielberg,
& Eisenberg, L.L.P.
1726 M Street, N.W., Suite 600
Washington, D. C. 20036
Email: dcurran@harmoncurran.com

W. Paul Robinson
Chris Shuey
Southwest Research
and Information Center
P. O. Box 4524
Albuquerque, New Mexico 87106

Administrative Judge, Thomas D. Murphy
Special Assistant
Atomic Safety and Licensing Board
Mail Stop T-3 F23
U.S. Nuclear Regulatory Commission
Washington, D. C. 20555

Mitchell W. Capitan, President
Eastern Navajo-Diné Against
Uranium Mining
P.O. Box 471
Crownpoint, New Mexico 87313

Geoffrey H. Fettus
New Mexico Environmental Law Center
1405 Luisa Street, Suite 5
Santa Fe, New Mexico 87505

Anthony J. Thompson, Esq.
Counsel for Hydro Resources, Inc.
Shaw Pittman
2300 N Street, N.W.
Washington, D. C. 20037-1128

Office of the Secretary
Attn: Rulemakings and Adjudications Staff
U.S. Nuclear Regulatory Commission
Mail Stop: OWFN-16 C1
Washington, D. C. 20555

Administrative Judge, Robin Brett
U.S. Geological Survey
917 National Center
Reston, VA 20192

Office of Commission Appellate
Adjudication
U.S. Nuclear Regulatory Commission
Mail Stop: O-16G15
Washington, D.C. 20555

Edward M. Dobson
DNA-People's Legal Services, Inc.
P. O. Box 310458
Mexican Hat, UT 84531