

December 20, 2001

Mr. Mark S. Pelizza, President
Hydro Resources, Inc.
650 S. Edmonds Lane
Lewisville, Texas 75067

SUBJECT: APPROVAL OF RESTORATION ACTION PLAN FOR THE CROWNPOINT SITE,
HYDRO RESOURCES IN-SITU URANIUM MINING PROJECT

Dear Mr. Pelizza:

The U. S. Nuclear Regulatory Commission (NRC) staff has reviewed the Hydro Resources, Inc. (HRI) Restoration Action Plan (RAP) for the Crownpoint site, submitted by filing from Counsel to HRI, dated November 21, 2001. Consistent with the Presiding Officer's May 25, 2001, Order, the staff has completed its review within 30 days.

HRI plans to mine the Crownpoint site subsequent to first mining Church Rock Section 8, then Church Rock Section 17, and then Crownpoint Unit 1. Some overlap between completion of mining and well field restoration of Crownpoint Unit 1, and start of mining of the Crownpoint site, is expected. 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 RAPs for the various units, and submit them to the NRC for review and approval of any changes, as part of the process of establishing the requisite NRC - approved surety mechanism. Information gained on the characteristics of each site will be factored into each annual surety update.

The Crownpoint RAP follows the guidelines established by the Church Rock Section 8, Church Rock Section 17, and Crownpoint Unit 1 RAPs, which were approved by NRC letters dated April 16, 2001, August 22, 2001, and October 16, 2001. The major items considered by HRI in the RAP for the Crownpoint site were cleanup of the well fields and plugging of the wells. Appropriate consideration was given to depth of the wells, which affects pumping and plugging costs, and other variations in quantities of material and wastes associated with the specific site operations and cleanup. The HRI analyses and cost estimates of the restoration of the well fields, which are based on 9 pore volumes as specified in license condition 9.5, are appropriate for a surety estimate. The well plugging method is consistent with that required by the New Mexico State Engineer, and the costs appear appropriate. Therefore, the NRC staff has determined that the RAP for the Crownpoint site provides an acceptable plan and cost estimate for the decontamination, decommissioning, and restoration of the well fields, and hereby approves the RAP.

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

Mr. M. Pelizza

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Sincerely,

/RA/

Melvyn N. Leach, 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: Those on attached mailing list

Mr. M. Pelizza

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