

The Honorable Olympia J. Snowe
United States Senate
Washington, DC 20510

February 5, 2002

Dear Senator Snowe:

I am responding to your letter of October 1, 2001, to Dennis K. Rathbun of the U. S. Nuclear Regulatory Commission's (NRC's) Office of Congressional Affairs, forwarding Herb and Lizzy Poole's concerns about the Hydro Resources, Inc. (HRI) proposal to mine uranium in New Mexico. We apologize for the delay in responding to your letter. We have been experiencing significant delays in mail delivery due to the required irradiation of all first class mail.

HRI applied for an NRC license to perform *in-situ* leach mining of uranium ores in McKinley County, New Mexico (the Crownpoint Project) in April 1988, under the regulations in Title 10 of the Code of Federal Regulations, Part 40 (10 CFR Part 40), "Domestic Licensing of Source Material." The NRC licensing process provides for both environmental and safety reviews of the proposed in-situ leach mining, and for public review and comment on the process, including the opportunity to request an adjudicatory hearing. After an in-depth review period, NRC issued a final Environmental Impact Statement (EIS) for the Crownpoint Project in February 1997. The EIS documents NRC's environmental review, which concluded that the project was environmentally acceptable, subject to various mitigative measures. In December 1997, NRC issued the Safety Evaluation Report (SER) for the Crownpoint Project, concluding that subject to certain conditions, the project would not be inimical to the common defense and security nor to the public health and safety, and met applicable regulatory requirements. NRC issued a 10 CFR Part 40 source material license to HRI in January 1998 which enumerated the conditions identified in the EIS and SER as license conditions.

The NRC license for HRI authorizes sequential *in-situ* leach operations at four separate sites in McKinley County, New Mexico. None of the sites is on the Navajo Reservation, but mining would occur on land held in trust for the Navajo Nation. The license (SUA-1580) requires HRI to obtain, evaluate, and provide NRC with data gained at each stage of the process and requires NRC permission before extending operations to other sites. The license, and 10 CFR Part 40, Appendix A, Criterion 9, require that HRI provide a surety, which is subject to annual review and revision, sufficient to reclaim the sites. NRC believes that the conditions in the license preclude operations that would adversely affect the public health and safety.

During the licensing process described above, and continuing to the present time, various members of the Navajo Nation, officials of the State of New Mexico, other Federal agencies (U.S. Environmental Protection Agency, Bureau of Land Management, Bureau of Indian

Affairs), and members of the public have been involved in the NRC review of the Crownpoint Project, including a contested adjudicatory proceeding. Announced public meetings were held in the towns of Crownpoint and Church Rock, New Mexico. An extensive record has been compiled in the NRC adjudicatory proceeding over the past several years. Many of the areas mentioned by Herb and Lizzy Poole, such as environmental justice and groundwater contamination, were considered in the proceeding. Recently, the proceeding has been temporarily held in abeyance, in deference to settlement discussions taking place between HRI and various intervenor groups, including the Eastern Navajo Diné Against Uranium Mining.

HRI has not begun operations at the first (Church Rock) site at this time. Mining depends, in part, on the uranium market conditions and whether HRI can obtain the necessary permits from State and other Federal agencies.

If I can provide you with any further information, please contact me.

Sincerely,

/RA/

William D. Travers
Executive Director
for Operations

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