CROW BUTTE RESOURCES, INC.

274 Union Blvd., Suite 310 • Lakewood, Colorado 80228 • (720) 879-5140 • Fax: (720) 879-5141

Fletcher T. Newton
President

August 28, 2001

Via Federal Express

40-8943

The Honorable Richard Meserve
Chairman, U.S. Nuclear Regulatory Commission
11545 Rockville Pike
Rockville, MD 20852-2738

RE: NRC approval of restoration of Mine Unit 1 for Crow Butte Resources, Inc.

Dear Chairman Meserve:

I am writing this letter on behalf of Crow Butte Resources, which operates the Crow Butte uranium *in-situ* mining project near Crawford, Nebraska. This letter is also to follow up on the letter I sent to you last February 15 concerning Project Manager costs and other hourly fees that the NRC staff has assessed Crow Butte and our sister company, Power Resources, which operates the Highland *in-situ* uranium mine near Douglas, Wyoming.

In my February letter I pointed out that Crow Butte had recently submitted its request to the NRC for approval of restoration for its Mine Unit 1. This request had first been submitted to the NRC in January 2000. At that time, the Nebraska State Department of Environmental Quality ("NDEQ") had already granted its approval of restoration of this mine unit in accordance with the terms of Crow Butte's UIC permit under the SDWA.

Shortly after our submission to the NRC, Crow Butte's NRC Project Manager at the time, Bill Ford, raised a series of questions concerning the Nebraska State standards for restoration of groundwater. He also challenged our assertion that the groundwater quality had stabilized and that restoration was therefore complete. Eighteen months later (and after Mr. Ford had been replaced as Crow Butte's PM by Mike Layton) we finally received the NRC's official response to our request for approval of restoration. This reply raised three broad questions, all of which we believed had previously been answered, either in previous information provided to the NRC or in the Environmental Assessment that the NRC itself had previously prepared.

During this eighteen-month period, NRC staff apparently spent a considerable amount of time reviewing the data we had submitted regarding restoration. The result of this was that through June 30, 2001 we had been charged $68,455.00 for the NRC's review of our request for

NMSS01 Public

approval of restoration of our Mine Unit 1, although that amount has just recently been revised as the result of our contesting the most recent billing[1].

We have now submitted our answers to the three questions that the NRC raised about our restoration of Mine Unit 1. It is my sincere hope that this issue can now finally be put to rest without the need for substantial additional review. Moreover, I trust that the Commission now has a better appreciation of the unique issues associated with groundwater restoration at ISL uranium facilities. As you know, the water we use in our operations is, by its very nature, unsuitable for any use other than ISL mining. When Commissioner Merrifield recently visited our sister operation at Highland near Douglas, Wyoming, I believe he gained a much better appreciation of this fact.

Thank you for the continued interest that you and the other Commissioners have shown in learning more about ISL uranium production in the United States.

Very truly yours,

Fletcher T. Newton

FTN:mf

cc: The Honorable Greta Dicus
Commissioner, U.S. Nuclear Regulatory Commission

The Honorable Niles J. Diaz, Ph.D.
Commissioner, U.S. Nuclear Regulatory Commission

The Honorable Edward McGaffigan, Jr.
Commissioner, U.S. Nuclear Regulatory Commission

The Honorable Jeffrey S. Merrifield
Commissioner, U.S. Nuclear Regulatory Commission

Mr. William D. Travers
NRC Executive Director for Operations

---

[1] We contested the first billing of $33,329.00 since it was our firm belief that the staff work reflected in this invoice was redundant and quite simply unnecessary, particularly because the NRC had already approved the groundwater restoration standards in question when it first reviewed and approved the Environmental Assessment for our production facility. After three protests the NRC staff has apparently agreed with our position and indicated that they will not only remove this $33,329.00 charge from our last billing but will remove some additional charges as well.

OFFICE OF THE SECRETARY
CORRESPONDENCE CONTROL TICKET

Date Printed: Aug 31, 2001 11:57

PAPER NUMBER: LTR-01-0435 **LOGGING DATE:** 08/31/2001

ACTION OFFICE: CFO

To: Virgilio, NMSS

Cys: EDO DEDMRS DEDR DEDM AO STP AIT

AUTHOR: Fletcher Newton

AFFILIATION: CO

ADDRESSEE: Richard Meserve

SUBJECT: Concerns approval of restoration of Mine Unit 1 for Crow Butte Resources, Inc., and related NRC fees

ACTION: Appropriate

DISTRIBUTION: RF, SECY to ack

FCSS/M. Lesser

LETTER DATE: 08/28/2001

ACKNOWLEDGED No

SPECIAL HANDLING: Coordinate with EDO (OCM #7415)

NOTES: Response to be consolidated with response to LTR-01-0121 (2/15/2001 letter from Mr. Newton)

FILE LOCATION: ADAMS

DATE DUE: **DATE SIGNED:**