

CROW BUTTE RESOURCES, INC.

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March 1, 2005

Mr. Michael Linder, Director
Nebraska Department of Environmental Quality
PO Box 98922
Lincoln, Nebraska 68509-8922

Subject: Failure to Meet Excursion Monitoring Schedule Requirement
Class III Underground Injection Control Permit NE0122611 - 40-8943

Dear Mr. Linder:

The referenced Class III Underground Injection Control (UIC) permit requires that Crow Butte Resources, Inc. (CBR) collect verification samples for monitor wells that exceed the Upper Control Limit (UCL)¹. The purpose of these verification samples is to determine that accurate monitoring results have been obtained and that a valid excursion condition exists. A verification sample must be obtained within 24 hours of the time that the analytical results from the first sample are available. If this second sample is below the UCLs, a third verification sample must be obtained within 48 hours of the time that the first sample was taken.

Monitor well CM5-19 is a perimeter monitor well in Mine Unit 5. The routine biweekly sample for CM5-19 was obtained at 0705 hours on February 22, 2005. The results from that sample were available by mid-morning on February 22 and exceeded the UCLs. A verification sample was obtained at 1138 hours on February 22. This sample was below the UCLs. By permit requirement, a third verification sample should have been obtained by 0705 hours on February 24. Contrary to this requirement, CBR obtained the third verification sample at 1254 hours on February 25, approximately 30 hours after the required time.

This failure was attributed to an oversight by the environmental sampling staff to obtain the third sample as scheduled due to inadequate directions from supervision. A contributing factor is differing requirements for obtaining the third sample under CBR's source materials license issued by the US Nuclear Regulatory Commission (i.e., 48 hours after the second sample is obtained). The corrective action to prevent a reoccurrence of this failure is increased attention by supervision in instances where verification samples are required.

¹ Class III Underground Injection Control Permit NE0122611, Part II, Section B, Table 2.3 footnote.

CROW BUTTE RESOURCES, INC.



Mr. Mike Linder
March 1, 2005
Page 2

CBR believes that the potential impact of this monitoring oversight was minimal. The second sample had indicated that the well was not on excursion and that the first sample was not representative of the water quality conditions in CM5-19. The third sample confirmed this conclusion, albeit 30 hours later than required. Had the second sample been in error, the potential existed that an excursion would have been verified 30 hours late. However, CBR has been overproducing in the mine unit areas adjacent to CM5-19 due to trends in the data and this action would most likely not have been changed.

If you have any questions, please do not hesitate to call me at (308) 665-2215.

Sincerely,
CROW BUTTE RESOURCES, INC.

A large, stylized handwritten signature in black ink, appearing to read 'M. Griffin'.

Michael L. Griffin
Manager of Health, Safety, and Environmental Affairs

cc: U.S. Nuclear Regulatory Commission
Mr. John Lusher - ADDRESSEE ONLY
Fuel Cycle Licensing Branch
Mail Stop T-8A33
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