



**UNITED STATES  
NUCLEAR REGULATORY COMMISSION  
REGION IV  
611 RYAN PLAZA DRIVE, SUITE 400  
ARLINGTON, TEXAS 76011-4005**

December 12, 2005

Mr. Michael L. Griffin  
Manager of Environmental and  
Regulatory Affairs  
Crow Butte Resources, Inc.  
86 Crow Butte Road  
Post Office Box 169  
Crawford, Nebraska 69339-0169

**SUBJECT: COMMENTS ON NRC INSPECTION REPORT 040-08943/05-001**

Dear Mr. Griffin:

Thank you for your letter of October 28, 2005, in response to our Inspection Report dated October 20, 2005. The purpose of this correspondence is to respond to the items addressed in your letter which was received in Region IV on November 17, 2005. We would like to take this opportunity to explain that the intent of Region IV issuing Inspection Follow-up Item (IFI) 040-08943/0005-01 in NRC Inspection Report 040-08943/05-001 was to address a technical concern associated with well sampling which was raised by the inspectors. Region IV did not include the IFI in the inspection report to indicate a violation of NRC requirements or to identify a compliance issue. Open items of this type are routinely used to document, track, and ensure adequate followup on matters of concern to the inspector.

In the inspection report, the IFI was opened by Region IV to address a specific issue which warrants further review and evaluation by the inspectors. The issue requiring further review is Crow Butte Resources' (CBR) alternate purge method of pumping one purge volume and collecting one set of field parameters. Additional review of this activity is appropriate to ensure sampling is fully validated. The inspectors expect to followup on the purge method during the next inspection. During a phone conversation with NRC staff on November 29, 2005, CBR outlined its plans to further study this issue and indicated that CBR may consult third-party experts to review its sampling procedures. The NRC's staff concluded that CBR's proposed actions are appropriate and the staff plans to review the results of the sampling study at the next NRC inspection.

In your letter, you also provided clarifications to specific items that were needed in NRC Inspection Report 040-8943/05-001. The first item of clarification discussed in your October 28, 2005, letter was that the inspection report had referenced a review of a procedure that was obsolete; and you are correct. The inspection report should have referenced Chapter 3 of the CBR Environmental, Health and Safety Management System, Volume VI, Environmental Manual. The second item of clarification in your letter indicated that the inspection report had incorrectly stated that CBR must collect water level measurements before and after purging to

show that drawdown was minimized and must collect three sets of field parameters that meet the stabilization criteria. Our review of the Standard Operating Procedures verified that your position is correct and you are not required to perform those activities as discussed in the inspection report.

Thank you for these comments. We will review our utilization of inspection follow-up items to ensure we are complying with our inspection report procedures.

In accordance with 10 CFR 2.390 of the NRC's "Rules of Practice," a copy of this letter and its enclosure 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/reading-rm/adams.html> (the Public Electronic Reading Room).

Should you have any questions concerning this inspection, please contact Ms. Judith Walker at (817) 860-8299 or the undersigned at (817) 860-8106.

Sincerely,

*/RA/*

Leonard D. Wert, Director  
Division of Nuclear Materials Safety

Docket No.: 040-08943  
License No.: SUA-1534

Crow Butte Resources, Inc.

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cc w/enclosure (licensee's letter dated Oct. 28, 2005):

Mr. Jim Stokey, Mine Manager

Crow Butte Resources, Inc.

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(ML053250117: Licensee's letter dtd October 28, 2005)

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