

CROW BUTTE RESOURCES, INC.

86 Crow Butte Road
P.O. Box 169
Crawford, Nebraska 69339-0169



(308) 665-2215
(308) 665-2341 – FAX

January 3, 2006

Mr. Gary Janosko
Branch Chief
Fuel Cycle Licensing Branch
Division of Fuel Cycle Safety and Safeguards
c/o Document Control Desk
U.S. Nuclear Regulatory Commission
Washington D.C. 20555

Re: Docket No. 40-8943
License No. SUA-1534
Annual Report of Changes, Tests, or Experiments

Dear Mr. Janosko:

Crow Butte Resources, Inc. (CBR) is providing this annual report summarizing the changes, tests or experiments made under License Condition 9.4 of SUA-1534 during calendar year 2005. This report is made in accordance with the reporting requirements contained in License Condition 9.4 (E).

CBR's source material license was renewed on March 4, 1998. The renewed license contained Performance Based License Conditions (PBLC). In a PBLC, CBR is allowed to make changes or conduct tests and experiments under certain conditions. These changes, test and experiments must be reviewed and approved by the CBR Safety and Environmental Review Panel (SERP). During 2005, the CBR SERP approved three changes.

The following materials are attached to provide the required summary information and documentation required by License Condition 9.4 (E).

- SERP Evaluation Index, which summarizes each SERP Action and tracks any modifications to an approved action affected by subsequent SERP actions.
- A copy of the text of each approved SERP Evaluation. These evaluations describe the change or test approved and the safety and environmental evaluation performed by the SERP. Supporting documentation is maintained on site for NRC review.

NMSSO1

CROW BUTTE RESOURCES, INC.



Mr. Gary Janosko
January 3, 2006
Page Two

None of the SERP approvals in 2005 resulted in page changes to the License Renewal Application (LRA). Therefore, revised pages are not attached to this report.

If you have any questions or require further information, please do not hesitate to contact me at (308) 665-2215.

Sincerely,
CROW BUTTE RESOURCES, INC.

A handwritten signature in black ink, appearing to read 'M. Griffin', with a long horizontal stroke extending to the right.

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

Enclosures: As Stated

cc: U.S. Nuclear Regulatory Commission
Mr. Steven Cohen - ADDRESSEE ONLY
Fuel Cycle Licensing Branch
Mail Stop T-8F42
Washington, DC 20555



2005 SERP Evaluation Index



Safety and Environmental Review Panel

2005 SERP Index

SERP Evaluation Number	Date	Action Taken	Modifications to Previous SERP Actions
SERP 05-01	31 May 05	Wellhouse 40 Review and Approval	None
SERP 05-02	21 November 05	Wellhouse 44 Review and Approval	None
SERP 05-03	23 November 2005	Experiment using Hydrogen Peroxide across the belt filter for vanadium removal. Review and Approval	None



SERP 05-01 Evaluation



**Crow Butte Resources, Inc.
Safety and Environmental Review Panel**

Evaluation Report – SERP 05-01

Wellhouse 40 Approval to Operate

May 31, 2005

The Crow Butte Resources, Inc. (CBR) Safety and Environmental Review Panel (SERP) met to review and approve operation of Wellhouse 40 in Mine Unit 8 at the Crow Butte Uranium Project.

The SERP appointed for this evaluation consisted of the following members:

<u>Name</u>	<u>Title</u>	<u>Area of Expertise</u>
Jim Stokey	Mine Manager	Management
Mike Griffin	Manager of Health, Safety, and Environmental Affairs	Permitting/ Environmental
Rhonda Grantham	Radiation Safety Officer	Radiation Safety
Lee Moeller	Maintenance Superintendent	Construction
John Cash	Operations Superintendent	Operations
Mike Brost	Chief Geologist	Well Construction
Larry Teahon	Environmental Coordinator	Environmental

Dr. Stokey is the SERP Chairman. Mr. Griffin was appointed SERP Secretary for this evaluation.

Purpose of SERP Evaluation

The purpose of this evaluation by the CBR SERP was to review and approve Wellhouse 40 for operation.



License Condition 9.4 allows CBR to make changes in the facility or procedures or conduct tests or experiments that are not presented in the approved application if such changes do not:

- i. Result in any appreciable increase in the frequency of occurrence of an accident previously evaluated in the license application (as updated);
- ii. Result in any appreciable increase in the likelihood of occurrence of a malfunction of a structure, system, or component (SSC) important to safety previously evaluated in the license application (as updated);
- iii. Result in any appreciable increase in the consequences of an accident previously evaluated in the license application (as updated);
- iv. Result in any appreciable increase in the consequences of a malfunction of an SSC previously evaluated in the license application (as updated);
- v. Create a possibility for an accident of a different type that any previously evaluated in the license application (as updated);
- vi. Create a possibility for a malfunction of an SSC with a different result than previously evaluated in the license application (as updated);
- vii. Result in a departure from the method of evaluation described in the license application (as updated) used in establishing the final safety evaluation report (FSER) or the environmental assessment (EA) or the technical evaluation reports (TERs) or other analysis and evaluations for license amendments.
- viii. For the purposes of SERP evaluations, SSC means any SSC which has been referenced in a staff SER, TER, EA, or environmental impact statement (EIS) and supplements and amendments.

The SERP evaluation was conducted in accordance with CBR Standard Operating Procedure (SOP) C-2, *Safety and Environmental Review Panel*. The SERP reviewed the Wellhouse startup checklists and supporting documentation and evaluated this information as compared with the requirements of the licensing basis, including the following documents:

- Title 10, Code of Federal Regulations;
- Source Materials License SUA-1534, Amendment No. 18 dated November 16, 2004;
- *Application for Renewal of USNRC Radioactive Source Materials License SUA-1534*, Crow Butte Resources, Inc. December 1995;
- *Environmental Assessment for Renewal of Source Materials License No. SUA-1534*, USNRC February 1998;
- *Safety Evaluation Report for Renewal of Source Materials License No. SUA-1534*, USNRC February 1998;
- Technical Evaluation Reports issued in support of amendments to SUA-1534.



Title 10 Code of Federal Regulations

The proposed change will have no impact on CBR's ability to meet all applicable NRC regulations.

Source Materials License SUA-1534 Requirements

Amendment 18 to SUA-1534 dated November 16, 2004 was reviewed for specific requirements related to approval and operation of a wellhouse.

Mine Unit 8 was previously approved by the CBR SERP (see SERP 02-05 dated July 10, 2002). Therefore, no review of monitor well location, installation or baseline sampling and Upper Control Limit determination is required for approval of Wellhouse 40.

License Condition 10.2: This License Condition requires that CBR construct all wells in accordance with the methods contained in the Section 3.1.2 of the approved License Renewal Application (LRA). License Condition 10.2 also requires that CBR perform mechanical integrity tests (MIT) for all injection and production wells.

The well construction methods in use for Wellhouse 40 are the same as those described in the LRA. All MIT data sheets were contained in the Notice of Intent to Operate Wellhouse 40 that was submitted to the NDEQ. These MIT data sheets were provided by the Chief Geologist and reviewed by the SERP. The records indicate that the MITs performed in Wellhouse 40 met the requirements.

License Condition 9.3: This License Condition requires that CBR conduct operations in accordance with the representations contained in the LRA. Section 3.1.3 of the LRA discusses construction materials, instrumentation, and monitoring requirements. Section 3.3 also discusses instrumentation, including wellhouse injection and production instrumentation and wet building alarms for wellhouses. Section 7.2.3 of the LRA requires that leak tests be performed on all wellfield piping before placing the system into production operations.

The SERP reviewed the Wellhouse Start-up Checklist for Wellhouse 40. This checklist was developed by the Wellfield Construction staff to document completion of all required actions before initiating operations in a wellhouse. Some of these actions are required by regulatory and licensing requirements, while some were developed over the course of mining experience at Crow Butte. The Maintenance Superintendent reviewed these items and stated that all had been completed and the appropriate controls were in place.

CROW BUTTE RESOURCES, INC.



SERP 04-06

A copy of the Wellhouse Start-Up Checklist is attached to this SERP Evaluation. Supporting documentation in the form of pressure tests and ground continuity checks are also attached.

Environmental Assessment

The SERP reviewed the contents of the Environmental Assessment (EA) prepared by NRC in February 1998 to determine whether the proposed change could cause substantive safety or environmental impacts.

Well construction and testing as described in the EA has been completed for the wells associated with Wellhouse 40.

Section 3.3.1 discusses leak testing of wellfield piping. The SERP reviewed the completion of pressure testing for piping systems associated with Wellhouse 40 and found that they meet the intent of the EA.

Financial Surety

The proposed change is covered in the NRC-approved financial surety maintained by CBR and approved by Amendment 18 to SUA-1534 in the amount of \$16,033,706.

Safety Evaluation Report

The Safety Evaluation Report (SER) principally provides the basis for worker safety at Crow Butte and does not specifically address the issues related to approval of Wellhouse 40.

Technical Evaluation Reports

The SERP reviewed the Technical Evaluation Reports (TERs) prepared by NRC staff to support amendments made to SUA-1534 since renewal in 1998. None of the TERs prepared since license renewal directly address issues related to approval of a new Wellhouse for operation.

Degradation of Essential Safety or Environmental Commitment

SUA-1534 allows CBR to make changes as long as they do not degrade the essential safety or environmental commitments made in the application. The SERP determined that safety commitments made in the LRA and discussed in the EA have been met and that startup of Wellhouse 40 in Mine Unit 8 will not degrade the safety and environmental commitments.

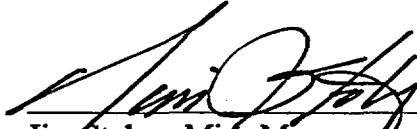
CROW BUTTE RESOURCES, INC.




SERP 04-06

Based upon this evaluation of the licensing basis, the CBR SERP hereby approves startup and operation of Wellhouse 40 in Mine Unit 8.


Approved this 31st day of May 2005.



Jim Stokey, Mine Manager
SERP Chairman




Mike Griffin, Manager of Health, Safety, and Environmental Affairs
SERP Secretary




Rhonda Grantham, Radiation Safety Officer



Lee Moeller, Maintenance Superintendent



John Cash, Operations Superintendent



Mike Brost, Chief Geologist



Larry Teahon, Environmental Coordinator

STATE OF NEBRASKA



Mike Johanns
Governor

Mr. Stephen Collings, President
Crow Butte Resources, Inc.
141 Union Blvd., Ste. 330
Lakewood, Colorado 80228

DEC 16 2004

DEPARTMENT OF ENVIRONMENTAL QUALITY

Michael J. Linder
Director
Suite 400, The Atrium
1200 'N' Street
P.O. Box 98922
Lincoln, Nebraska 68509-8922
Phone (402) 471-2186
FAX (402) 471-2909

Dear Mr. Collings:

On November 8, 2004, the Nebraska Department of Environmental Quality received a submittal of information from Crow Butte Resources, Inc. The submittal serves as Notice of Intent to Operate and contains Well Completion Reports and Casing Integrity Test Reports for recently installed wells (Wellhouse 40) in the construction of Mine Unit 8.

The Department has reviewed the information submitted and determined that it is adequate and complete. Upper Control Limits and Restoration Values established for Mine Unit 8 have already been submitted and approved. Approval of the additional portion of Mine Unit 8 will not alter those values. The Department hereby approves the Notice of Intent to Operate for the additional portion of Mine Unit 8.

If you have any questions or comments concerning this letter or the review of the Notice of Intent to Operate, please contact David Miesbach of my staff at (402) 471-4982. Thank you.

Sincerely,

Michael J. Linder
Director

ML/dlm
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Well House Start-Up Checklist

Well House # 40

Item	Description	Person	Comments	Date Completed	Initial
1	Permit To Operate	Brost / Stokey			
2	Complete Pressure Testing (Trunkline and House)	McDowell / Stokey		3-15-05	KS
3	Pipelines checked for leaks	McDowell / Stokey		3-15-05	KS
4	Pipelines buried	McDowell / Stokey		4-6-05	KS
5	Pressure gauge on injection manifold	R. Roberts / Stokey		4-6-05	KS
6	Injection lines equipped with totalizing flow meters	R. Roberts / Stokey		5/17/05	KS
7	Injection and Production total flows can be measured	Bob B-Pile/H. Douthit / Stokey		3-16-05	HD
8	Unused trunkline locked out by two separate means	McDowell / Stokey		4-4-05	KS
9	Isolation valves are closed and chained	McDowell / Stokey		4-6-05	KS
10	Map of 2" lines	McDowell/Beins / Stokey		3-15-05	KS
11	Well-field Layout map in house	McDowell/Beins / Stokey		4-4-05	KS
12	Check berms	Griffin / Stokey		5/18/05	JLG
13	Pressure check oxygen lines	McDowell / Stokey		3-15-05	KS
14	Continuity check on producers	B. Tiensvold / Stokey		3/10/05	BT
15	Ground fault check <i>Alarm panel / NA Error</i>	REA/B. Tiensvold / Stokey		3/10/05	BT
16	Communications wire check	B. Tiensvold / Stokey		3/14/05	BT
17	Heater size check	B. Tiensvold / Stokey		3/10/05	BT
18	Processor installed well house	Bob B-Pile/H. Douthit / Stokey		3-16-05	HD
19	UPS installed and operational	Bob B-Pile/H. Douthit / Stokey		3-16-05	HD
20	Wet house alarm installed	B. Tiensvold / Stokey		3/10/05	BT
21	Wet house alarm checked	P. Dunn/J. Douthit / Stokey		4-18-05	JD
22	Oxygen solenoid checked	P. Dunn/J. Douthit / Stokey		5-03-05	JD
23	Check fuses in control panel	B. Tiensvold / Stokey		3/10/05	BT
24	Program MMI	Hattie B-Pile / Stokey		3-16-05	HD
25	Program PLC	Hattie / Bob B-Pile / Stokey		3-16-05	HD
26	Switch on for alarming	P. Dunn/J. Douthit / Stokey		4-18-05	JD
27	Set Scalar Card 'K' Factors	P. Dunn/J. Douthit / Stokey		4-18-05	JD
28	Fire extinguisher w/placard	McDowell / Stokey		N/A	KS
29	Off tags and lockouts	B. Tiensvold/Dunn/Douthit / Stokey		3/10/05	BT
30	Contaminated and uncontaminated cans	P. Dunn/J. Douthit / Stokey		4-18-05	JD
31	Complete 2" lateral inspection	McDowell / Stokey		4-6-05	KS
32	Visually inspect entire system to plant	McDowell / Stokey		4-4-05	KS
33	Labels on Monitor Wells	McDowell / Stokey		4-4-05	KS
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CROW BUTTE RESOURCES, INC.

86 Crow Butte Road

P. O. Box 169

Crawford, Nebraska 69339-0169

(308) 665-2215

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GROUND RESISTANCE TEST RECORD

TEST SET USED: AEMC Model 3711 Ground Resistance Tester

GROUND TEST RESULTS: Wellhouse 40 OHMS: 26.3, 12.6, 56.2 = 7.40 OHMS

CONCLUSIONS:

THE TEST RESULTS ARE SATISFACTORY

TEST PERFORMED BY:

CROW BUTTE RESOURCES, INC.



Robert Tiensvold

Date: January 27, 2005

4-6.

4-6

4-6

4-6

Item #	Well #	Initiated by	Comments
1	2677	AS	OIC
2	2800	AS	OIC
3	2967	AS	OK
4	3422	AS	Needs installed OK
5	3423	AS	OK
6	3426	AS	OK
7	3427	AS	OIC
8	3429	AS	OIC
9	3430	AS	OK
10	3431	AS	Needs installed OIC
11	3432	AS	Needs installed OK
12	3433	AS	OIC
13	3434	AS	Needs installed OIC
14	3630	AS	OK
15	3632	AS	OK
16	3635	AS	OK
17	3636	AS	OIC
18	3637	AS	OK
19	3638	AS	OIC

Item #	Well #	Initiated by	Comments
20	3641	AS	OIC
21	3642	AS	OK
22	3660	AS	OIC
23	3661	AS	OIC
24	3662	AS	OIC
25	3663	AS	OK
26	3668	AS	OIC
27	3669	AS	OK
28	3670	AS	OIC
29	3732	AS	OK
30	3835	AS	OIC
31	3836	AS	OK
32	3837	AS	OK
33	3839	AS	OK
34	3878	AS	OK
35	3880	AS	OIC
36	3881	AS	OIC
37	3890	AS	OIC
38	3891	AS	OIC

CROW BUTTE RESOURCES, INC.



SERP 05-02 Evaluation

CROW BUTTE RESOURCES, INC.



SERP 05-02

Crow Butte Resources, Inc.

Safety and Environmental Review Panel

Evaluation Report – SERP 05-02

Wellhouse 44 Approval to Operate

November 21, 2005

The Crow Butte Resources, Inc. (CBR) Safety and Environmental Review Panel (SERP) met to review and approve operation of Wellhouse 44 in Mine Unit 9 at the Crow Butte Uranium Project.

The SERP appointed for this evaluation consisted of the following members:

<u>Name</u>	<u>Title</u>	<u>Area of Expertise</u>
Mike Griffin	Manager of Health, Safety, and Environmental Affairs (Mine Manager designee)	Management
Tate Hagman	Health Physics Technician (RSO designee)	Radiation Safety
Robert Dunn	Wellfield Operations Foreman	Operations
Lee Moeller	Maintenance Superintendent	Construction
Mike Brost	Chief Geologist	Well Construction

Dr. Stokey is the SERP Chairman. Mr. Griffin was appointed SERP Chairman for this evaluation based on Dr. Stokey's absence.

Purpose of SERP Evaluation

The purpose of this evaluation by the CBR SERP was to review and approve Wellhouse 44 for operation.

CROW BUTTE RESOURCES, INC.



SERP 05-02

License Condition 9.4 allows CBR to make changes in the facility or procedures or conduct tests or experiments that are not presented in the approved application if such changes do not:

- i. Result in any appreciable increase in the frequency of occurrence of an accident previously evaluated in the license application (as updated);
- ii. Result in any appreciable increase in the likelihood of occurrence of a malfunction of a structure, system, or component (SSC) important to safety previously evaluated in the license application (as updated);
- iii. Result in any appreciable increase in the consequences of an accident previously evaluated in the license application (as updated);
- iv. Result in any appreciable increase in the consequences of a malfunction of an SSC previously evaluated in the license application (as updated);
- v. Create a possibility for an accident of a different type that any previously evaluated in the license application (as updated);
- vi. Create a possibility for a malfunction of an SSC with a different result than previously evaluated in the license application (as updated);
- vii. Result in a departure from the method of evaluation described in the license application (as updated) used in establishing the final safety evaluation report (FSER) or the environmental assessment (EA) or the technical evaluation reports (TERs) or other analysis and evaluations for license amendments.
- viii. For the purposes of SERP evaluations, SSC means any SSC which has been referenced in a staff SER, TER, EA, or environmental impact statement (EIS) and supplements and amendments.

The SERP evaluation was conducted in accordance with the instructions contained in the Environmental, Health, and Safety Management System (EHSMS) Volume II, *Management Procedures, EHS-6, Managing Change*. The SERP reviewed the Wellhouse startup checklists and supporting documentation and evaluated this information as compared with the requirements of the licensing basis, including the following documents:

- Title 10, Code of Federal Regulations;
- Source Materials License SUA-1534, Amendment No. 19 dated June 8, 2005;
- *Application for Renewal of USNRC Radioactive Source Materials License SUA-1534*, Crow Butte Resources, Inc. December 1995;
- *Environmental Assessment for Renewal of Source Materials License No. SUA-1534*, USNRC February 1998;
- *Safety Evaluation Report for Renewal of Source Materials License No. SUA-1534*, USNRC February 1998;
- Technical Evaluation Reports issued in support of amendments to SUA-1534.

CROW BUTTE RESOURCES, INC.



SERP 05-02

Title 10 Code of Federal Regulations

The proposed change will have no impact on CBR's ability to meet all applicable NRC regulations.

Source Materials License SUA-1534 Requirements

Amendment 19 to SUA-1534 dated June 8, 2005 was reviewed for specific requirements related to approval and operation of a wellhouse.

Mine Unit 9 was previously approved by the CBR SERP (see SERP 03-05 dated October 22, 2003). Therefore, no review of monitor well location, installation or baseline sampling and Upper Control Limit determination is required for approval of Wellhouse 44.

License Condition 10.2: This License Condition requires that CBR construct all wells in accordance with the methods contained in the Section 3.1.2 of the approved License Renewal Application (LRA). License Condition 10.2 also requires that CBR perform mechanical integrity tests (MIT) for all injection and production wells.

The well construction methods in use for Wellhouse 44 are the same as those described in the LRA and contained in EHSMS Volume III, *Operations Manual*, Procedure P-25, *Well Installation*. MITs were performed in accordance with EHSMS Volume III, *Operations Manual*, Procedure P-23, *Mechanical Integrity Test (MIT)*. All MIT data sheets were contained in the Notice of Intent to Operate Wellhouse 44 (or in the original Mine Unit 9 Notice of Intent) that was submitted to the NDEQ. These MIT data sheets were provided by the Chief Geologist and reviewed by the SERP. The records indicate that the MITs performed in Wellhouse 44 met the requirements.

License Condition 9.3: This License Condition requires that CBR conduct operations in accordance with the representations contained in the LRA. Section 3.1.3 of the LRA discusses construction materials, instrumentation, and monitoring requirements. Section 3.3 also discusses instrumentation, including wellhouse injection and production instrumentation and wet building alarms for wellhouses. Section 7.2.3 of the LRA requires that leak tests be performed on all wellfield piping before placing the system into production operations.

The SERP reviewed the Wellhouse Start-up Checklist for Wellhouse 44. This checklist was developed by the Wellfield Construction staff to document completion of all required actions before initiating operations in a wellhouse. Some of these actions are required by regulatory and licensing requirements, while some were developed over the course of mining experience at Crow Butte. Construction activities are governed by

CROW BUTTE RESOURCES, INC.



SERP 05-02

EHSMS Volume III, *Operations Manual*, Procedure P-15, *Installation of Wellfield Pipelines*. The Maintenance Superintendent reviewed these items and stated that all had been completed and the appropriate controls were in place.

A copy of the Wellhouse Start-Up Checklist is attached to this SERP Evaluation. Supporting documentation in the form of pressure tests and ground continuity checks are also attached.

Environmental Assessment

The SERP reviewed the contents of the Environmental Assessment (EA) prepared by NRC in February 1998 to determine whether the proposed change could cause substantive safety or environmental impacts.

Well construction and testing as described in the EA has been completed for the wells associated with Wellhouse 44.

Section 3.3.1 discusses leak testing of wellfield piping. The SERP reviewed the completion of pressure testing for piping systems associated with Wellhouse 44 and found that they meet the intent of the EA.

Financial Surety

The proposed change is covered in the NRC-approved financial surety maintained by CBR and approved by Amendment 18 to SUA-1534 in the amount of \$16,033,706.

Safety Evaluation Report

The Safety Evaluation Report (SER) principally provides the basis for worker safety at Crow Butte and does not specifically address the issues related to approval of Wellhouse 44.

Technical Evaluation Reports

The SERP reviewed the Technical Evaluation Reports (TERs) prepared by NRC staff to support amendments made to SUA-1534 since renewal in 1998. None of the TERs prepared since license renewal directly address issues related to approval of a new Wellhouse for operation.

CROW BUTTE RESOURCES, INC.



SERP 05-02

Degradation of Essential Safety or Environmental Commitment

SUA-1534 allows CBR to make changes as long as they do not degrade the essential safety or environmental commitments made in the application. The SERP determined that safety commitments made in the LRA and discussed in the EA have been met and that startup of Wellhouse 44 in Mine Unit 9 will not degrade the safety and environmental commitments.

Based upon this evaluation of the licensing basis, the CBR SERP hereby approves startup and operation of Wellhouse 44 in Mine Unit 9.

Approved this 21st day of November 2005.

Mike Griffin, Manager of Health, Safety, and Environmental Affairs (Mine Manager designee)
SERP Chairman

Tate Hagman, Health Physics Technician (Radiation Safety Officer designee)

Robert Dunn, Wellfield Operations Foreman

Lee Moeller, Maintenance Superintendent

Mike Brost, Chief Geologist

NOTE: NORTHEAST CORNER OF WH44 SOUTH OF THE COUNTY ROAD NEEDS BERM WORK. EARTHWORK SCHEDULED FOR 22 NOV 2005. INJECTION WILL NOT BEGIN IN THIS AREA UNTIL WORK IS COMPLETED AND HAS BEEN CHECKED BY THE WELLFIELD OPERATIONS FOREMAN.

STATE OF NEBRASKA



Mike Johanns
Governor

MAR 8 2005

DEPARTMENT OF ENVIRONMENTAL QUALITY

Michael J. Linder

Director

Suite 400, The Atrium

1200 'N' Street

P.O. Box 98922

Lincoln, Nebraska 68509-8922

Phone (402) 471-2186

FAX (402) 471-2909

RECEIVED
MAR 10 2005
POWER RESOURCES, INC.
WEBER

Mr. Stephen Collings, President
Crow Butte Resources, Inc.
141 Union Blvd., Ste. 330
Lakewood, Colorado 80228

Dear Mr. Collings:

On February 3, 2005, the Nebraska Department of Environmental Quality received a submittal of information from Crow Butte Resources, Inc. The submittal serves as Notice of Intent to Operate and contains Well Completion Reports and Casing Integrity Test Reports for recently installed wells (Wellhouse 44) in the construction of Mine Unit 9.

The Department has reviewed the information submitted and determined that it is adequate and complete. Upper Control Limits and Restoration Values established for Mine Unit 9 have already been submitted and approved. Approval of the additional portion of Mine Unit 9 will not alter those values. The Department hereby approves the Notice of Intent to Operate for the additional portion of Mine Unit 9.

If you have any questions or comments concerning this letter or the review of the Notice of Intent to Operate, please contact David Miesbach of my staff at (402) 471-4982. Thank you.

Sincerely,

Michael J. Linder

Director

ML/dlm

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Well House Start-Up Checklist

Well House # 44

Item	Description	Person	Comments	Date Completed	Initial
1	Permit To Operate	Brost / Stokey			
2	Complete Pressure Testing (Trunkline and House)	McDowell / Stokey		11-4-05	KS
3	Pipelines checked for leaks	McDowell / Stokey		11-4-05	KS
4	Pipelines buried	McDowell / Stokey		11-4-05	KS
5	Pressure gauge on injection manifold	R. Roberts / Stokey		11-4-05	KS
6	Injection lines equipped with totalizing flow meters	R. Roberts / Stokey		11-18-05	JD
7	Injection and Production total flows can be measured	B. Pile/H. Douthit / Stokey		11/18/05	BT
8	Unused trunkline locked out by two separate means	McDowell / Stokey		11-15-05	KS
9	Isolation valves are closed and chained	McDowell / Stokey		11-15	KS
10	Map of 2" lines	McDowell/Beins / Stokey		11-8-05	KS
11	Well-field Layout map in house	McDowell/Beins / Stokey		11-8-05	KS
12	Check berms	Griffin / Stokey			
13	Pressure check oxygen lines	McDowell / Stokey		11-16-05	KS
14	Continuity check on producers	B. Tiensvold / Stokey		11/4/05	BT
15	Ground fault check	REA/B. Tiensvold / Stokey		11/4/05	BT
16	Communications wire check	B. Tiensvold / Stokey		11/18/05	BT
17	Heater size check	B. Tiensvold / Stokey		11/4/05	BT
18	Processor installed well house	B. Pile/H. Douthit / Stokey		11/4/05	BT
19	UPS installed and operational	B. Pile/H. Douthit / Stokey		11/4/05	BT
20	Wet house alarm installed	B. Tiensvold / Stokey		11/4/05	BT
21	Wet house alarm checked	P. Dunn/J. Douthit / Stokey		11-18-05	JD
22	Oxygen solenoid checked	P. Dunn/J. Douthit / Stokey		11-18-05	JD
23	Check fuses in control panel	B. Tiensvold / Stokey		11/4/05	BT
24	Program MMI	B. Pile / Stokey		11-18-05	HD
25	Program PLC	B. Pile / Stokey		11-18-05	TH
26	Switch on for alarming	P. Dunn/J. Douthit / Stokey		11-16-05	JD.
27	Set Scalar Card 'K' Factors	P. Dunn/J. Douthit / Stokey		11-21-05	JD
28	Fire extinguisher w/placard	McDowell / Stokey	N/A	11-8-05	KS
29	Off tags and lockouts	B. Tiensvold/Dunn/Douthit / Stokey		11/4/05	BT JD
30	Contaminated and uncontaminated cans	P. Dunn/J. Douthit / Stokey		11-21-05	JD.
31	Complete 2" lateral inspection	McDowell / Stokey		11-4-05	KS
32	Visually inspect entire system to plant	McDowell / Stokey		11-4-05	KS
33	Labels on Monitor Wells	McDowell / Stokey		11-4-05	KS
34					
35					
36					
37					

Item #	Well #	Initialed by	Comments
1	3004	KM	OK
2	3707	KM	OK
3	3708	JT	OK
4	3713	JT	OK
5	3714	JT	OK
6	3719	JT	OK
7	3729	KM	OIC
8	3741	JT	OK
9	3743	JT	OK
10	3747	JT	OK
11	3749	JT	OK
12	3757	JT	OK
13	3774	JT	OK
14	3776	JT	OK
15	3778	KM	OK
16	3779	JT	OK
17	3780	KM	OIC
18	3782	KM	OK
19	3784	KM	OIC

Item #	Well #	Initialed by	Comments
20	3785	KM	OK
21	3786	JT	OK
22	3788	JT	OIC
23	3789	KM	OIC
24	3790	KM	OIC
25	3792	KM	OK
26	3795	JT	OK
27	3799	KM	OIC
28	3801	KM	OIC
29	3802	KM	OIC
30	3805	KM	OIC
31	3806	KM	OIC
32	3807	KM	OIC
33	3812	JT	OIC
34	3816	KM	OK
35	3817	KM	OIC
36	3820	JT	OIC
37	3850	KM	OIC
38	3851	KM	OIC

CROW BUTTE RESOURCES, INC.



SERP 05-03 Evaluation



Crow Butte Resources, Inc.

Safety and Environmental Review Panel

Evaluation Report – SERP 05-03

Approval to Conduct Experiment for Vanadium Removal

November 23, 2005

The Crow Butte Resources, Inc. (CBR) Safety and Environmental Review Panel (SERP) met to review and approve an experiment where hydrogen peroxide will be added to the wash water at a rate of 0.5% by weight across the belt filter to enhance the removal of vanadium.

The SERP appointed for this evaluation consisted of the following members:

<u>Name</u>	<u>Title</u>	<u>Area of Expertise</u>
Jim Stokey	Mine Manager	Management
Mike Griffin	Manager of Health, Safety, and Environmental Affairs	Radiation Safety
John Cash	Operations Superintendent	Operations
Lee Moeller	Maintenance Superintendent	Construction
Larry Teahon	Environmental Coordinator	Environment

Dr. Stokey is the SERP Chairman. Mr. Teahon was appointed SERP Secretary for this evaluation.

Purpose of SERP Evaluation

The purpose of this evaluation by the CBR SERP was to review and approve an experiment where hydrogen peroxide will be added to the wash water at a rate of 0.5% by weight across the belt filter to enhance the removal of vanadium.



License Condition 9.4 allows CBR to make changes in the facility or procedures or conduct tests or experiments that are not presented in the approved application if such changes do not:

- i. Result in any appreciable increase in the frequency of occurrence of an accident previously evaluated in the license application (as updated);
- ii. Result in any appreciable increase in the likelihood of occurrence of a malfunction of a structure, system, or component (SSC) important to safety previously evaluated in the license application (as updated);
- iii. Result in any appreciable increase in the consequences of an accident previously evaluated in the license application (as updated);
- iv. Result in any appreciable increase in the consequences of a malfunction of an SSC previously evaluated in the license application (as updated);
- v. Create a possibility for an accident of a different type that any previously evaluated in the license application (as updated);
- vi. Create a possibility for a malfunction of an SSC with a different result than previously evaluated in the license application (as updated);
- vii. Result in a departure from the method of evaluation described in the license application (as updated) used in establishing the final safety evaluation report (FSER) or the environmental assessment (EA) or the technical evaluation reports (TERs) or other analysis and evaluations for license amendments.
- viii. For the purposes of SERP evaluations, SSC means any SSC which has been referenced in a staff SER, TER, EA, or environmental impact statement (EIS) and supplements and amendments.

The SERP evaluation was conducted in accordance with the instructions contained in the Environmental, Health, and Safety Management System (EHSMS) Volume II, *Management Procedures*, EHS-6, *Managing Change*. The SERP reviewed the proposed experiment and supporting documentation and evaluated this information as compared with the requirements of the licensing basis, including the following documents:

- Title 10, Code of Federal Regulations;
- Source Materials License SUA-1534, Amendment No. 19 dated June 8, 2005;
- *Application for Renewal of USNRC Radioactive Source Materials License SUA-1534*, Crow Butte Resources, Inc. December 1995;
- *Environmental Assessment for Renewal of Source Materials License No. SUA-1534*, USNRC February 1998;
- *Safety Evaluation Report for Renewal of Source Materials License No. SUA-1534*, USNRC February 1998;
- Technical Evaluation Reports issued in support of amendments to SUA-1534.

CROW BUTTE RESOURCES, INC.



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Title 10 Code of Federal Regulations

The proposed change will have no impact on CBR's ability to meet all applicable NRC regulations.

Source Materials License SUA-1534 Requirements

Amendment 19 to SUA-1534 dated June 8, 2005 was reviewed for specific requirements related to approval of experiments.

License Condition 9.3: This License Condition requires that CBR conduct operations in accordance with the representations contained in the LRA. Section 3.1.4 of the LRA discusses the uranium recovery process. This experiment will cause a deviation in the process flow described in Figure 3.1-6.

Environmental Assessment

The SERP reviewed the contents of the Environmental Assessment (EA) prepared by NRC in February 1998 to determine whether the proposed change could cause substantive safety or environmental impacts. No environmental impacts were identified.

Financial Surety

The proposed change is covered in the NRC-approved financial surety maintained by CBR and approved by Amendment 18 to SUA-1534 in the amount of \$16,033,706.

Safety Evaluation Report

The Safety Evaluation Report (SER) principally provides the basis for worker safety at Crow Butte and does not specifically address the issues related to chemical safety.

Technical Evaluation Reports

The SERP reviewed the Technical Evaluation Reports (TERs) prepared by NRC staff to support amendments made to SUA-1534 since renewal in 1998. None of the TERs prepared since license renewal directly address issues related to chemical processes.

Degradation of Essential Safety or Environmental Commitment

SUA-1534 allows CBR to make changes as long as they do not degrade the essential safety or environmental commitments made in the application. The SERP determined that safety commitments made in the LRA and discussed in the EA have been met and

CROW BUTTE RESOURCES, INC.



SERP 05-03

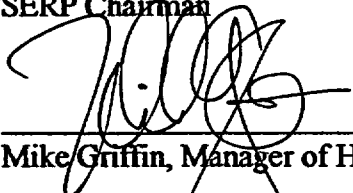
that an experiment where hydrogen peroxide is added to the wash water at a rate of 0.5% by weight across the belt filter will not degrade the safety and environmental commitments.

Based upon this evaluation of the licensing basis, the CBR SERP hereby approves an experiment where hydrogen peroxide will be added to the wash water at a rate of 0.5% by weight across the belt filter for vanadium removal.

Approved this 23rd day of November 2005.



Jim Stokey, Mine Manager
SERP Chairman



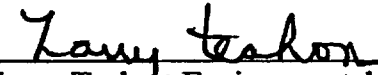
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SERP Secretary