

January 19, 2006

Mr. Larry L. Teahon
Environmental Coordinator
Crow Butte Resources, Inc.
86 Crow Butte Road
Crawford, NE 69339-0169

SUBJECT: 5-YEAR MECHANICAL INTEGRITY TEST FAILURE, WELL I2340-31
CROW BUTTE RESOURCES, INC., CRAWFORD, NEBRASKA
SOURCE MATERIALS LICENSE SUA-1535 (TAC L60502)

Dear Mr. Teahon:

By letter dated November 30, 2005, Crow Butte Resources, Inc. (CBR) submitted to the Nebraska Department of Environmental Quality (NDEQ), a report describing the 5- year mechanical integrity test (MIT) failure in well I2340-31 and associated remedial actions. Well I2340-31 failed the MIT test on October 27, 2005. In response, CBR isolated the leak, repaired the well, and retested it on November 1, 2005. This test indicated that the well no longer leaked. CBR sampled monitoring wells near this injection well and also drilled three test borings around the well to determine if ground water was impacted by lixiviant. Test results indicated that no ground water impacts occurred.

U.S. Nuclear Regulatory Commission (NRC) staff reviewed this report and concurs with the conclusions that well I2340-31 has been repaired and no ground water impacts have occurred. If you have any questions, please contact me at 301-415-7182 or by e-mail at sjc7@nrc.gov.

In accordance with 10 CFR 2.390 of the NRC's "Rules of Practice," a copy of this letter will be available electronically for public inspection in the NRC Public Document Room or from the

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Sincerely,

/RA/

Stephen J. Cohen, Project Manager
Uranium Processing Section
Fuel Cycle Facilities Branch
Division of Fuel Cycle Safety
and Safeguards
Office of Nuclear Material Safety
and Safeguards

Docket No.: 40-8943
License No.: SUA-1534

cc: Stephen P. Collings, CBR, Denver
Dave Carlson, Nebraska, NDEQ Chadron Field Office

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