November 13, 2006

Leland Huffman
ISL General Manager
High Plains Uranium, Inc.
1718 Capitol Avenue
Cheyenne Wyoming, 82001

SUBJECT: ACTION ITEMS 1 AND 2 FROM AUGUST 22, 2006, MEETING WITH HIGH PLAINS URANIUM

Dear Mr. Huffman:

On August 22, 2006, U. S. Nuclear Regulatory Commission (NRC) staff and representatives of High Plains Uranium, Inc. (HPU) met to discuss issues related to HPU's planned *In Situ* Leach (ISL) uranium recovery license application for its Allemand-Ross Project, located in the south-central portion of the Powder River Basin of Wyoming (Meeting Summary - Agencywide Documents Access and Management System (ADAMS) Accession No. ML062420070). Four NRC action items were agreed upon at the August 22 meeting. Two of the action items (Action Items 3 and 4) were addressed in the NRC's September 14, 2006 correspondence to HPU. The present correspondence covers the remaining two NRC action items:

Action Item 1 - Confer with the NRC's Office of the General Counsel (OGC) to determine whether the NRC will issue a new Source Materials License for an ISL Satellite operation that ships the uranium laden resin to an existing (second party) licensed processing plant for uranium elution, precipitation, and drying.

Action Item 2 - Confer with OGC to determine which National Environmental Policy Act (NEPA) related document (i.e., environmental impact statement or environmental assessment) will need to be developed as part of the license application review process.

Action Item 1

Once an ISL operator brings uranium-bearing liquid to the surface for purposes of extracting uranium, the operator has in its possession source material (i.e. the uranium). Because the quantities of uranium to be held will exceed the minimal amounts stated in the 10 CFR Part 40.13 exemption and the 40.22 general license, an ISL operator needs to apply for, and obtain a specific Part 40 license before conducting any ISL mining. This is the case irrespective of whether yellow cake production is conducted on site or at an off-site, third-party facility.

Action Item 2

10 CFR Part 40.4 defines "uranium milling" as meaning "any activity that results in the production of byproduct material." The NRC takes the position that any waste water generated during or after the uranium extraction phase of site operations is classified as 11e.(2) byproduct material. Using this definition, your proposed "Satellite" operation falls under the definition of

uranium milling. 10 CFR Part 51.20(b)(8) states, “b) The following types of actions require an environmental impact statement or a supplement to an environmental impact statement: (8) Issuance of a license to possess and use source material for uranium milling or production of uranium hexafluoride pursuant to part 40 of this chapter.” Consequently, since your proposed operation falls under the definition of uranium milling, and, as discussed above, you are required to obtain a Part 40 Source Materials License, the NRC is required to develop an environmental impact statement as part of its evaluation of your ISL application.

If you have any questions concerning these matters, please contact the NRC Project Manager for the HPU site, Paul Michalak, at: (301) 415-7612 or by e-mail at: PXM2@NRC.GOV.

In accordance with 10 CFR 2.390 of the NRC’s “Rules of Practice for Domestic Licensing Proceedings and Issuance of Orders,” a copy of this letter will be available electronically for public inspection in the NRC Public Document Room or from the Publicly Available Records component of NRC’s Agencywide Documents Access and Management System (ADAMS). ADAMS is accessible from the NRC Web site at: http://www.nrc.gov/reading-rm/adams.html.

Sincerely,

/RA/

Paul Michalak, Hydrogeologist
Decommissioning and Uranium Recovery
Licensing Directorate
Division of Waste Management
and Environmental Protection
Office of Federal and State Materials
and Environmental Management Programs

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