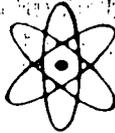


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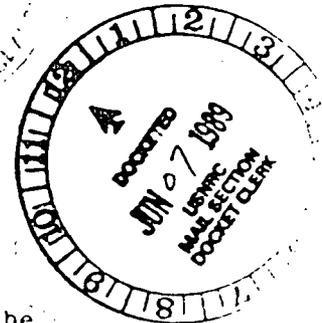


RETURN ORIGINAL TO PDR, HQ.

LPDR

June 2, 1989

Mr. Edward F. Hawkins, Branch Chief  
Uranium Recovery Field Office  
Region IV  
U.S. Nuclear Regulatory Commission  
Box 25325  
Denver, Colorado 80225



RE: Crow Butte Commercial License Application: Docket No. 40-8943

Dear Mr. Hawkins:

As you know, Ferret Exploration Company of Nebraska, Inc. ("FEN") is the operator of the Crow Butte Project and the applicant for a source and by-product materials license for commercial solution uranium mining operations. FEN is prepared to respond to the first two points in your letter of May 16, 1989. We are pursuing an acceptable resolution of the waste disposal issue and will provide our response on that point as soon as possible.

Regarding your first point, the ownership of FEN's corporate shares is as follows:

Ferret Exploration Company, Inc.	28.304%
First Holding Company	8.196%
Geomex Minerals, Inc.	28.500%
Uranerz U.S.A., Inc.	25.000%
Korea Electric Power Corporation	10.000%

The first three are Delaware corporations, Uranerz U.S.A. is a Colorado corporation and Korea Electric Power is a South Korean corporation. Those five companies are also all of the Participants which, along with FEN, have financial interests in the Crow Butte Project under the Production Venture and Operating Agreement dated February 25, 1987, as amended, to which all six companies are parties. Other indirect financial interests in the Crow Butte Project that you may have heard about derive from independent relationships between the individual Participants and other entities, not from any corporate or contractual relationship with FEN or the Participants as a whole.

*Mary C. Hood*

*JFOZ  
1/6*

*Add. LPDR 4/1 Encl  
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*U.S. NRC Info*

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Mr. Edward F. Hawkins

June 2, 1989

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In response to your second point, decision making concerning the operation of the commercial project is governed by the Agreement referenced above. The Agreement provides a management structure similar to that of a typical U.S. corporation, which is also typical for mining projects in the U.S. There is a Management Committee whose role is similar to a corporate board of directors. It has the general responsibility to direct the business and affairs of the commercial production Venture, much as a corporate board of directors does. Its normal meetings are twice a year. It is composed of two representatives, one voting and one nonvoting, of each Participant. The votes of the Participants are weighted in proportion to their interests in the Venture, and no single Participant has an interest that even approaches a majority. All decisions require a vote of at least 50.1%. Thus, no one Participant can control the decisions of the Management Committee.

The present members of the Management Committee for the commercial production venture are as follows:

<u>Participant</u>	<u>Primary</u>	<u>Alternate</u>
Ferret	Ralph Barnard	Dr. Peter Geib
First Holding	Gene Webb	Dr. Peter Geib
Geomex	Dr. Hugh Morris	Pierre Lebel
Uranerz	Karl-Ernst Kegel	Hikmet Akin
Kepeco	S.M. Chang	E.W. Kim

FEN is the Manager and operator of the commercial production Venture under the Agreement mentioned above, with overall management responsibility to direct and control the operations of the Venture and the Crow Butte Project. FEN prepared the development plan for the commercial operation. It prepares the programs and budgets to implement that plan for consideration and approval at the semi-annual Management Committee meetings. FEN also has responsibility to conduct all operations necessary to achieve the objectives of the plan and the programs. FEN's responsibility specifically includes obtaining all necessary licenses for commercial operations, conducting commercial operations and activities which are authorized by the licenses, and complying with all laws and regulations applicable to those operations and activities. FEN performs these activities through its management, which continues to include myself as president, Steve Collings as vice president and all of the other employees you are familiar with from the past.

FEN believes that the commercial production Venture structure makes it clear that FEN has and will continue to control all activities and materials at the Crow Butte Project which are subject to licensing requirements under the Atomic Energy Act of 1954. Therefore, FEN is the proper applicant and licensee for the project.

Mr. Edward F. Hawkins  
June 2, 1989  
Page Three

We believe that this fully answers the first two points in your letter of May 16.  
Please let me know if you need any additional clarification:

Sincerely,



Thor Gjesten  
President