



UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D.C. 20555-0001

May 13, 1999

Dr. Lynne Sebastian, State Historic Preservation Officer
Historic Preservation Division
Office of Cultural Affairs
228 East Palace Avenue
Santa Fe, NM 87501

SUBJECT: DETERMINATION OF EFFECT FOR THE HYDRO RESOURCES, INC. FACILITY
COMPOUND AT CROWNPPOINT, NEW MEXICO

Dear Dr. Sebastian:

Pursuant to National Historic Preservation Act (NHPA) Section 106 requirements, the U.S. Nuclear Regulatory Commission (NRC) staff requests consultation with your office for the purpose of making a determination of effect regarding the next phase of permitted development at the Hydro Resources, Inc. (HRI) in-situ leach uranium mining project in Crownpoint, NM. Based on previous communications between the New Mexico State Historic Preservation Officer (NMSHPO) and NRC staff, a phased process for consultation was established regarding this project. As you may recall, consultations were completed for the first project phase (i.e., Sections 8 and 17 [T16N, R16W] of the Church Rock, NM site and Section 12 [T17N, R13W]). This particular consultation is for the Crownpoint facility compound (i.e., where the uranium processing plant is located), situated on the western edge of the town of Crownpoint in the SE $\frac{1}{4}$ of Section 24 [T17N, R13W]. The plant site improvements are an additional phase of permitted development that constitute an undertaking for Section 106 consultation purposes.

The existing Crownpoint processing facilities would be used for drying and packaging uranium yellowcake slurry that was initially transported to the plant from the Church Rock mining site. The existing facilities are located along the southern portion of the HRI property and were initially constructed in 1980 and 1981 on a leveled pad built by excavation and fill operations. The modifications to the plant site during this phase of activity would be limited to the area of the leveled pad at the southern portion of the facility (see Figure 2 of enclosed Blinman Report, 1998).

Prior to the 1980-81 construction, an archaeological survey of the entire SE $\frac{1}{4}$ of Section 24 [T17N, R13W] was conducted (Klager, 1979; see enclosed Blinman Report). In 1998, HRI contracted with the Museum of New Mexico, Office of Archaeological Studies to identify cultural resources on the HRI Crownpoint facility compound. The enclosed Blinman Report documents this activity. Three archaeological sites (eligible for the *National Register*) and two "localities" (potentially eligible for the *National Register*) occur within the facility compound boundaries. All areas are located on the western side of the HRI facility compound. The three archaeological sites were fenced before the 1980-81 construction and have not been affected by subsequent facility construction or use. No construction activities or use has occurred in the area of the two archaeological "localities." Thus, the condition of these resources is excellent due to the protection provided by fencing around the archaeological sites and around the entire HRI facility compound. The Blinman Report states that there are no traditional uses of the area by the Navajo community.

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Pursuant to 36 CFR 800.5 and 800.9, the NRC staff has considered the aforementioned resources and the proposed undertaking. Based on its review, the NRC staff has determined that the plant site improvements, as described above and in the referenced Blinman Report, would have no effect on the historic properties located on HRI's property, and seeks the NMSHPO's concurrence on this proposed finding of no effect.

If you have any questions concerning this subject, please contact Mr. Robert Carlson, the NRC Project Manager for the HRI mining project, at (301) 415-8165. If no response is received from the NMSHPO within 30 days of the date of this letter, the NRC staff will conclude that your office concurs in the proposed determination of no effect. In addition, if your office so concurs, or does not otherwise submit any objections to the NRC staff's proposed determination, then pursuant to 36 CFR 800.5(b), the NRC staff would consider the NHPA process to be concluded with respect to HRI's Section 24 property.

Sincerely,



N. King Stablein, Acting Chief
Uranium Recovery and
Low-Level Waste Branch
Division of Waste Management
Office of Nuclear Material Safety
and Safeguards

Enclosure: As stated

cc: See attached list

May 13, 1999

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Sincerely,

[Signed by]

N. King Stablein, Acting Chief
Uranium Recovery and
Low-Level Waste Branch
Division of Waste Management
Office of Nuclear Material Safety
and Safeguards

Enclosure: As stated

cc: See attached list

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HRI Mailing List - Letter dated May 13, 1999

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29 April 1998

Mr. Mark S. Pelizza
Hydro Resources, Inc.
Suite 1020, LB 12
12750 Merit Drive
Dallas, TX 75251

Dear Mr. Pelizza:

Per your request, I have reviewed the engineering plans for modifications of the Hydro Resources, Inc. (HRI) Crownpoint facility as part of the first phase of mining development. I toured the existing facility compound with Mr. Salvador Chavez on April 22, 1998, and I discussed the planned improvements with him. I also discussed land ownership, plant history, and local history with Mr. Chavez, Mr. Billy Johnson, Ms. Kathy Shorty, and Mr. Ben House. We searched the Continental Oil Company (CONOCO), HRI, and Mobil files and map archives for information relating to plant history and prior cultural resources investigations of the plant area. Following the tour of the Crownpoint facility, I spoke with Mr. Richard Clement, Jr., and Mr. Frank Lichnovsky of the engineering staff at the HRI office in Albuquerque to confirm the details of the plant modification plans. I also reviewed these issues with Dr. Lynne Sebastian, New Mexico State Historic Preservation Officer (April 23, 1998) and with Mr. Peter Noyes, Navajo Nation Historic Preservation Department (April 29, 1998). Based on these informal discussions, there appear to be no significant cultural resource issues associated with first phase developments at the Crownpoint facility. My observations and conclusions are summarized below.

The HRI Crownpoint facility is owned by HRI, with a variety of ownership and management responsibilities for adjacent parcels (Figure 1). The existing facility was constructed between January 1980 and March 1981 by Continental Oil Company (CONOCO) as part of its proposed mining operation. Initial shafts were drilled, but mining was never conducted at the site. The shafts are now plugged, and the buildings are currently used for office space, training, and storage. The majority of the existing facilities are occupied by the Crownpoint Technical Institute (CTI) under an agreement with HRI while dedicated CTI facilities are being constructed elsewhere in the Crownpoint area.

Prior to construction by CONOCO, an archaeological inventory was conducted of the entire SE¼ of Section 24, T17N, R13W (USGS Crownpoint 7.5' quadrangle). This ¼ section (160 acres) encompasses the facility location. The inventory was conducted by the staff of the University of New Mexico, Office of Contract Archaeology (Klager 1979). Eight archaeological sites were defined within the survey area, but only three are within the present boundaries of the HRI facility compound. Two "localities" were also identified within the compound boundaries, and these localities may or may not be considered sites under current cultural resource conventions. All of these cultural resources are along the western portion of the facility compound. The three sites were fenced by CONOCO and have not been affected by subsequent facility construction or use. The two localities are at the extreme northwest area of the compound, and no construction or use has occurred in that

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area. The conditions of these resources are excellent due to the protection provided by the compound fence as well as the individual fences around the sites.

CONOCO facilities were constructed along the southern portion of the compound, avoiding the fenced cultural resources (Figure 2). These facilities consist of an extensive leveled pad for buildings, parking areas, work areas, and tanks; a new channel for the arroyo that had transected the plant area; a series of retention ponds; access roads; protective berms for an explosives magazine; a runoff retention embankment; spoil dumps for material removed from the shafts; and utilities poles and trenches. The leveled pad was created by excavating through bedrock along the northern margin of the compound and filling low areas toward the south to define the southern edge of the pad. All of these features were in place at the time HRI acquired the facility.

Facility modification at the Crownpoint compound as part of the first phase of the HRI mining development will be limited to the area of the leveled pad. Two storage tanks will be removed from the southern margin of the pad, and processing equipment will be installed within the buildings. There are no plans for road relocation, changes in arroyo channelization, or pond rejuvenation within the first phase. All utility modifications and subsurface trenching, if any, will be limited to the pad and building areas. All of these activities are confined to areas of artificial fill or prior ground disturbance, and no archaeological sites were present in these areas prior to CONOCO's original construction. In addition, since all construction within the compound post-dates 1980, none of the existing facilities qualifies as an historic property. Finally, since the start of CONOCO construction in 1980, access to the compound has been restricted, and there are no current traditional uses of the compound area by the Navajo community. Although traditional concerns within the compound cannot be ruled out (discoveries could occur during the course of development), the HRI developments associated with the first phase are limited to superficial modifications of the existing post-1980s buildings and grounds. These modifications should not pose any constraint on current cultural practice.

Based on these observations and the facility modifications outlined above, there are no cultural resource issues associated with the first phase developments at the HRI Crownpoint facility. Depending on their nature, subsequent phase developments may raise cultural resources issues. Consistent with HRI's permit requirements, cultural resources investigations will be pursued as additional engineering plans are developed and prior to any implementation of those plans.

Please contact me if you have any questions concerning these observations and conclusions.

Yours,



Eric Blinman, Ph.D.
Assistant Director

Reference:

Klager, Karol J.

1979 *An Archeological Survey of 160 Acres of Land in the Crownpoint, New Mexico, Area for the Continental Oil Company*. Office of Contract Archeology, UNM Proposal 185-38b. University of New Mexico, Albuquerque.

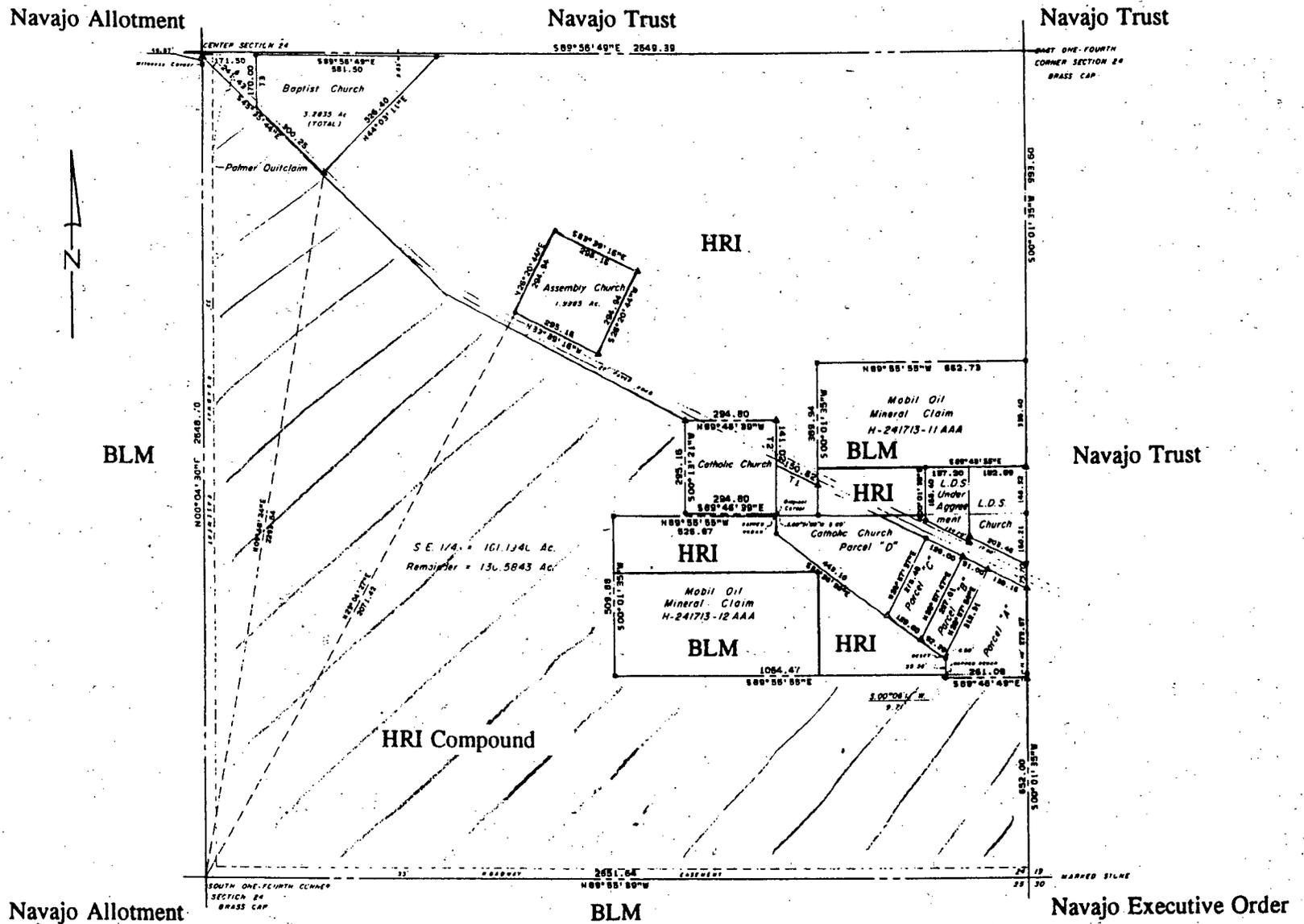


Figure 1. Ownership and control of lands within and adjacent to the SE ¼ of Section 24, T17N, R13W. Boundaries are based on CONOCO plat dated April 17, 1979, with amendments and additions based on information from Mr. Billy Johnson and Mr. Salvador Chavez.

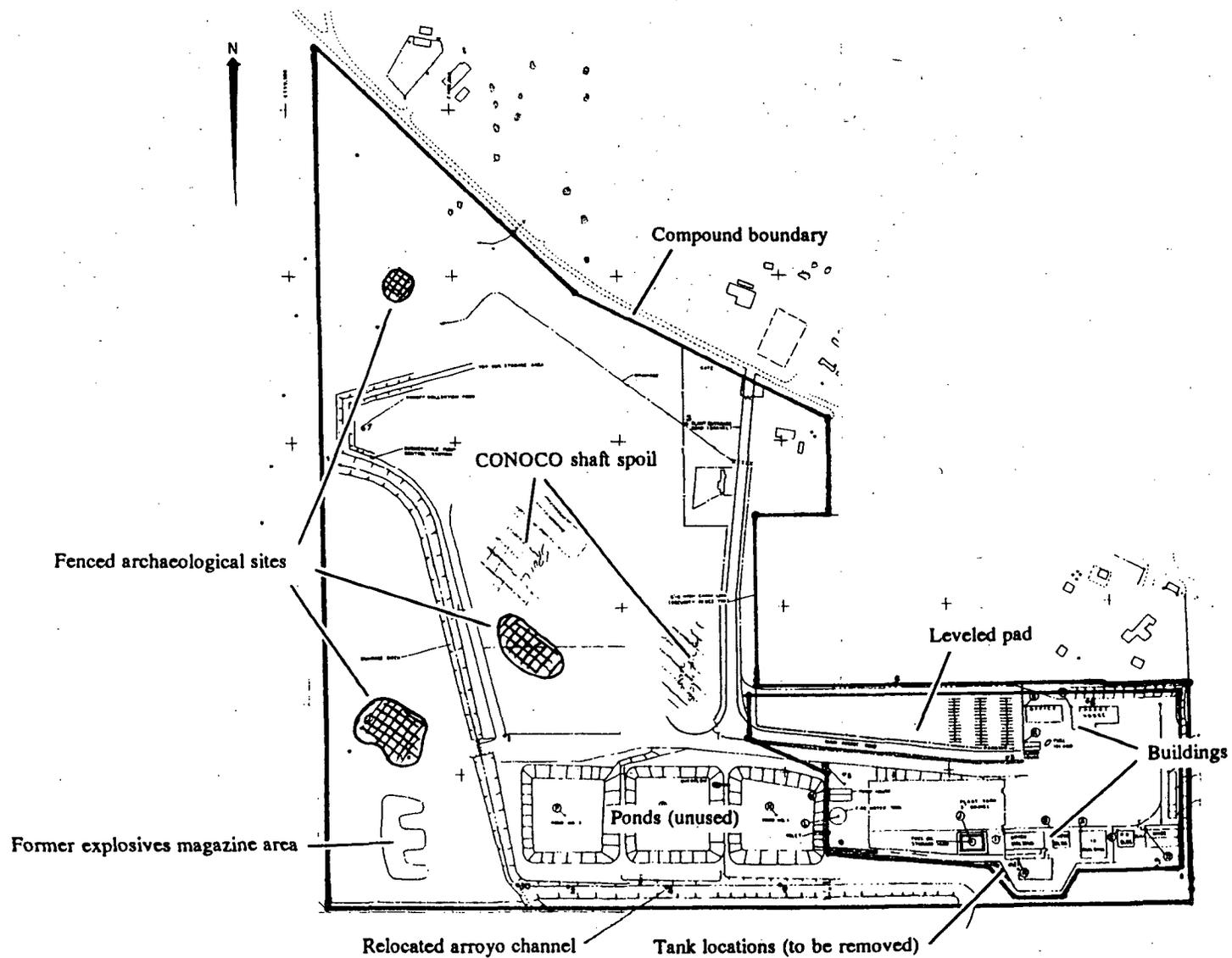


Figure 2. HRI compound and locations of facilities developed by CONOCO. All first phase HRI developments will be confined to the area of the leveled pad, including removal of the storage tanks and installation of equipment within existing buildings.