February 9, 2011

The Honorable Theresa TwoBulls, President
Oglala Lakota Tribal Council
P.O. Box 2070
Pine Ridge, SD 57770

SUBJECT: INVITATION FOR FORMAL SECTION 106 CONSULTATION PURSUANT TO THE NATIONAL HISTORIC PRESERVATION ACT REGARDING THE STRATA ENERGY, INC. LICENSE APPLICATION FOR THE PROPOSED URANIUM *IN-SITU* RECOVERY FACILITY, IN OSHOTO, CROOK COUNTY, WYOMING

Dear President TwoBulls:

On January 4, 2011, Strata Energy, Inc. (SEI) submitted an application to the U.S. Nuclear Regulatory Commission (NRC) for a source materials license to authorize SEI to construct and operate an *in-situ* uranium recovery (ISR) facility at the proposed Ross project site in Crook County, Wyoming. The facility, if licensed, would use an ISR technology to extract uranium at the 1,720-acre project site located in Oshoto, approximately 38 km [24 mi] north of Moorcroft on County Route 68 in Crook County, Wyoming. A map showing the proposed project location is enclosed. Two known traditional cultural properties, the Missouri Buttes and Devils Tower, are located near the proposed project area. The Missouri Buttes are approximately 8 miles to the east-northeast and Devils Tower is approximately 11 miles to the east of the project area.

ISR, also known as in-situ leach milling, is used to recover uranium from low-grade ores or deeper deposits that are not economically recoverable by conventional mining and milling techniques. In this process, a leaching agent, such as oxygen with sodium carbonate, is injected through wells into the underground ore body to dissolve the uranium. The mineral-laden solution is pumped to the surface and through ion exchange columns. The uranium adheres to resin beads in the columns. The resin beads are then transported to a processing plant where the uranium is washed off the beads and dried. The resultant product, a mixture of uranium oxides also known as “yellowcake,” is placed in 55-gallon drums prior to shipment offsite for further processing. Eventually, this processed material can be used to make fuel for nuclear power plants and other products.

The Atomic Energy Act of 1954 and the Uranium Mill Tailings Radiation Control Act of 1978 authorize the NRC to issue licenses for the possession and use of source material and by-product material. The statutes require NRC to license facilities that meet NRC regulatory requirements that were developed to protect public health and safety from radiological hazards. ISR facilities must meet NRC’s regulatory requirements in order to obtain a license to operate.

The NRC's acceptance review of the license application is not scheduled to begin until May 2011. If the license application is accepted, a detailed review would take place, consisting of both an environmental and safety review. As part of the environmental review, the NRC would prepare a supplemental environmental impact statement (SEIS) to the *Generic Environmental Impact Statement for In-Situ Leach Facilities* (NUREG-1910). This SEIS would be prepared in accordance with the regulatory provisions in Title 10 of the *Code of Federal Regulations* Part 51 (10 CFR Part 51). These regulations implement the requirements of the *National Environmental Policy Act of 1969*, as amended (Public Law 91-190), which requires the Federal government to assess the potential environmental impacts of major federal actions that may significantly affect the human environment. In accordance with 36 CFR Part 800.8 (Coordination with the National Environmental Policy Act), the SEIS will also include analyses of impacts to historic properties. The NRC staff is using this process to comply with its obligations under Section 106 of the National Historic Preservation Act of 1966, as amended in lieu of the procedures set forth in 36 CFR 800.3 through 800.6.

The NRC invites you to be a consulting party and would like to initiate the Section 106 process by holding a government-to-government meeting with Tribes that request to be consulting parties. The NRC staff is also collecting information to facilitate the identification of historic sites or cultural resources, including those that are of religious and cultural significance that could be affected by the proposed action. Your tribe can submit a request to be a consulting party or supply information to help identify historic sites and cultural resources. Please submit a request to be a consulting party to the NRC's Federal Preservation Officer:

Larry W. Camper, Federal Preservation Officer
Division of Waste Management
and Environmental Protection
Office of Federal and State Materials
and Environmental Management Programs
Mail Stop T8F05
Washington, DC 20555

Information regarding historic sites or cultural resources should be sent to:

Alan B. Bjornsen, Project Manager
Division of Waste Management
and Environmental Protection
Office of Federal and State Materials
and Environmental Management Programs
Mail Stop T8F05
Washington, DC 20555

For additional information regarding the proposed action, the SEI's license application is publicly available from the NRC's Agency Wide Documents Access and Management System (ADAMS). The ADAMS Public Electronic Reading Room is accessible at: http://www.nrc.gov/reading-rm/adams.html. The accession number for the environmental portion of the SEI source materials application is ML110120063, and is available online through ADAMS, or directly from the project's web page at http://www.nrc.gov/materials/uranium-recovery/license-apps/ross.html.

If you have any specific questions or comments on the proposed project, or need any additional information regarding the license application and the environmental review process, please contact Mr. Alan Bjornsen of my staff by telephone at 301-415-1195, or by email at Alan.Bjornsen@nrc.gov.

Sincerely,

/RA/

Larry W. Camper, Director
Division of Waste Management
and Environmental Protection
Office of Federal and State Materials
and Environmental Management Programs

Docket No.: 40-9091

Enclosure:
Figure 1.2-2

cc: Tony Simpson – Strata Energy
Ben Schiffer – WWC
Chris Pugsley – Thompson and Pugsley
Alice Tratebas - BLM

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Larry W. Camper, Director
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DISTRIBUTION: Keith McConnell J. Saxton R. Turtil

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OFC	DWMEP	DWMEP	DWMEP	OGC	DWMEP	DWMEP	DWMEP
NAME	ABjornsen	AWalker-Smith	JDavis	JOlmstead via email	KHsueh	APersinko	LCamper
DATE	01/31/11	01/31/11	01/31/11	02/04/11	02/04/11	02/07/11	02/9/11

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