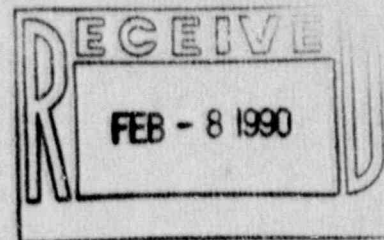


URANERZ U.S.A., INC.

190 Pronghorn • Casper, Wyoming • 82601

Telephone: (307) 234-9189

Telecopy: (307) 235-1244
February 7, 1990



Mr. Robert D. Martin
Regional Administrator
Nuclear Regulatory Commission
Region IV
611 Ryan Plaza, Suite 1000
Arlington, TX 76011

Re: Docket No. 40-8783
Docket No. 40-8958
Docket No. 40-8981

Dear Mr. Martin:

This letter is in response to your letter of January 2, 1990, to Dr. H. Akin, Vice President Mining, received January 4, 1990, in which you expressed concerns about the reliability of information and data submitted to the NRC under the involvement of Messrs. Hartman and Catchpole. Uranerz U.S.A., Inc. (UUS) is certainly prepared and has already initiated actions in order to restore the confidence of NRC in previously provided information and to establish appropriate procedures for future submittals. This applies to our current license for the Ruth ISL R & D (Docket No. 40-8783) as well as for our two pending commercial license applications for Ruth (Docket No. 40-8958) and North Butte (Docket No. 40-8981).

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Before we answer your request to provide a description of specific actions UUS will take, UUS should like to inform you that Mr. George Hartman has resigned effective as of January 31, 1990. As far as Mr. Glenn Catchpole is concerned, it is UUS's intention to retain him to coordinate certain licensing activities with NRC and DEQ thus assuring continuity. He will work under procedures of control which have been implemented by UUS and are described in detail below. As temporary acting Manager Solution Mining, Dr. Chris Schmidt has been reassigned to the projects effective as of January 15, 1990. He had held this position already from 1980 through 1984, and is very familiar with these projects. During his assignment, he will report to Dr. H. Akin.

In order to establish a review time frame, the following brief outline of Ruth and North Butte projects management since 1980 is presented. The first Manager Operations at Ruth since 1980 was Mr. Len Marrs, who resigned in December 1982. He reported to Dr. Schmidt, who was directly responsible for the Ruth project from March 1980 through July 1984. Mr. Hartman began as Manager Operations at Ruth in December 1982, reporting to Dr. Schmidt until July, 1984. In August 1984 Mr. Hartman was promoted to Manager In Situ Leach Projects. From April 1981 through March 31, 1986, Mr. Gary Somerville was Manager Regulatory Affairs and licensing contact for the Ruth project. The project received an

NRC sign-off on successful groundwater restoration on February 3, 1986. Final decommissioning and surface reclamation is presently on hold because the R & D site will be later tied into the commercial operation. Mr. Catchpole began his employment with UUS in January 1988 and has since been involved in the commercial licensing activities for Ruth and North Butte. Since May 1988, both Messrs. Hartman and Catchpole have been reporting to Dr. Akin, then Vice President Mining Projects of UUS. Dr. Akin has recently been promoted to Executive Vice President North American Projects with office in Saskatoon, Canada, remaining responsible for the mining projects of UUS.

Based upon the above, information previously submitted and requiring verification dates for the Ruth R & D project from January 1983 through today, as far as it was not signed by either Messrs. Schmidt or Somerville. The first submittal regarding the Ruth and North Butte commercial license applications was the Similarity Report (Docket No. 40-8991), dated February 26, 1988. Therefore, the review period for Ruth R & D submittals will start in January 1983 and the review period for Ruth and North Butte commercial license applications will start in February 1988.

Now to the description of activities UUS proposes in order to reassure NRC confidence. All submittals after the dates men-

tioned above, which may be of concern, including reports, applications, supplementary information, etc., will be reviewed, confirmed and, where necessary, amended. Confirmation will generally be done by reference, not by resubmission. Amendments to the license application, if required, will be documented in the form of revised pages.

Where consultant information was used but the consultant was not identified, the consultant will be asked to certify that the information submitted is correct and conform to his or her original text or data. Consultant reports which are submitted as complete reports and are recognizable as such will not be confirmed.

Material prepared and compiled in Casper, such as the Similarity Report, will be reviewed and confirmed by a company official from the Denver office in conjunction with the German headquarters in Bonn. This duty was assigned by Uranerz Management to Dr. Schmidt. Dr. Schmidt will also be the official licensing contact. However, Mr. Catchpole will continue to be available for clarifications concerning the filed license applications and other regulatory matters.

When UUS became first aware by NRC letter of October 19, 1989, that a potential impact on current and pending licenses could

result from the employment of former Ogle personnel, the signing authorities of Messrs. Hartman and Catchpole were restricted. This occurred on October 25, 1989. A signature or a counter signature of a higher ranking company official was required after that date for all written communications to the NRC and DEQ.

This procedure is still, and will remain, effective. Signature or counter signature of another company official will indicate that UUS has reviewed the information to be submitted and has full confidence in its content.

In case of telephone or verbal communication with Mr. Catchpole, the information provided to the NRC will be confirmed in writing by another company official.

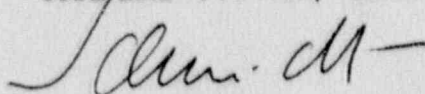
UUS is confident that all previous submittals to the regulatory agencies regarding the Ruth R & D, Ruth and North Butte commercial license, are complete and correct. This confidence stems from a heavy involvement of the UUS Denver and Uranerz Bonn offices in the process of data review prior to official filing or submittal. This procedure seems more typical for a German than for an American mining company. UUS is, nonetheless, prepared to take any action that is required to restore the confidence of the NRC and to resume the review of pending license applications as soon as possible.

In order to facilitate such a quick resumption, the material regarding the pending applications for Ruth and North Butte will be checked and confirmed first, followed by the material for the current license for the inactive Ruth R & D project.

We hope that the already initiated and the proposed measures will be acceptable and satisfactory to reassure NRC's confidence.

Sincerely,

URANERZ U.S.A., INC.

A handwritten signature in dark ink, appearing to read "Dr. Schmidt", with a horizontal line extending from the end of the signature.

Dr. Christof Schmidt
Acting Manager Solution Mining

CC: Mr. Ramon Hall, Director
NRC Uranium Recovery Field Office
Lakewood, CO 80225