



UNITED STATES  
NUCLEAR REGULATORY COMMISSION

WASHINGTON, D.C. 20555-0001

January 05, 1998

Mr. Richard F. Clement, Jr., President  
Hydro Resources, Inc.  
2929 Coors Blvd., NW  
Suite 101  
Albuquerque, NM 87120

SUBJECT: ISSUANCE OF SOURCE MATERIAL LICENSE SUA-1508, FOR THE IN SITU  
LEACH URANIUM MINING PROJECT AT CROWNPOINT, NEW MEXICO

Dear Mr. Clement:

The U.S. Nuclear Regulatory Commission staff has completed its review of Hydro Resources, Inc.'s (HRI's) license application, dated April 25, 1988 (as supplemented by the licensee submittals listed in Attachment A of the enclosed source material license SUA-1508), and the Crownpoint Uranium Project Consolidated Operations Plan (COP), Rev. 2.0, dated August 15, 1997. Based on its review of these documents as discussed below, the NRC staff hereby issues HRI a source material license SUA-1508 for its in situ leach uranium mining project at Crownpoint, NM, effective January 5, 1998.

The NRC staff determined, in accordance with 10 CFR 51.20 and 10 CFR 51.25, that preparation of an environmental impact statement (EIS) was necessary to document its review. The NRC staff issued a final EIS (FEIS) for the Crownpoint Project in February 1997 documenting its environmental review. Based on its review, the NRC staff concluded that HRI's proposed Crownpoint Project was environmentally acceptable, and that potential impacts of the proposed project could be mitigated. These mitigative measures are enumerated as conditions in the enclosed source material license.

In addition, the NRC staff conducted its safety review of the Crownpoint Project, and documented its analyses in the Safety Evaluation Report, dated December 4, 1997. Based on its review, the NRC staff concluded that issuance of a source material license, with certain conditions specified in the enclosed license, would not be inimical to the common defense and security or to the public's health and safety, and otherwise meets the applicable requirements of 10 CFR Parts 19, 20, 40, and 71, and the Atomic Energy Act of 1954, as amended.

The SER and the FEIS provide the bases for the NRC's decision to issue a 10 CFR Part 40 source material license to HRI. As such, HRI's source material license SUA-1508 is enclosed, and is valid for five years from its effective date. HRI will be required to submit a license renewal application six months prior to the expiration date of January 5, 2003.

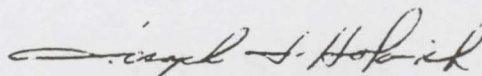
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R. Clement

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If you have any questions concerning this subject, please contact Mr. Robert Carlson of my staff at (301) 415-8165.

Sincerely,



Joseph J. Holonich, Chief  
Uranium Recovery Branch  
Division of Waste Management  
Office of Nuclear Material Safety  
and Safeguards

Enclosure: As stated

Docket No. 40-8968

License No. SUA-1508