

February 8, 2006

Mr. Fletcher T. Newton
Chief Executive Officer
Power Resources, Inc.
Crow Butte Resources, Inc.
141 Union Blvd.
Suite 330
Lakewood, Colorado 80228

Dear Mr. Newton:

I am responding to your letter to Chairman Diaz, dated June 23, 2005, in which you requested information about the status of the U.S. Nuclear Regulatory Commission's (NRC's) efforts to develop Memoranda of Understanding (MOUs) between NRC and the States of Nebraska and Wyoming that would defer active NRC regulation of groundwater protection at *in situ* leach (ISL) uranium recovery facilities to those States.

As you are aware, during the summer of 2004, the staff conducted a detailed evaluation of the States' groundwater protection programs (i.e., the Nebraska and Wyoming U.S. Environmental Protection Agency-authorized Underground Injection Control Programs), for comparability with NRC's groundwater protection program, as provided in NUREG-1569, "Standard Review Plan for *In Situ* Leach Uranium Extraction License Applications," (NUREG-1569), June 2003. The staff's comparability evaluation identified variances in both the Nebraska and Wyoming groundwater protection programs with respect to their groundwater restoration standards. In essence, the States' primary restoration standards are equivalent to the secondary restoration standards in NRC's groundwater protection program (i.e., restoration to pre-operational class of use water quality).

Given the variances between the NRC's and the States' groundwater protection programs, the staff would like to meet with the States, the U.S. Environmental Protection Agency, the National Mining Association, and other interested stakeholders, to discuss how to move forward to reduce the overlapping regulation that exists between NRC and State groundwater protection programs. My staff will contact you shortly to discuss the schedule for this planned meeting.

NRC appreciates your continuing support for the MOU development initiative.

If you have any questions about this letter, please contact Myron Fliegel, of my staff, at (301) 415-6629, or by e-mail, to MHF1@nrc.gov.

In accordance with 10 CFR 2.390 of NRC's "Rules of Practice," a copy of this letter will be available electronically for public inspection in the NRC Public Document Room or from the Publicly Available Records component of NRC's document system, Agencywide Documents Access and Management System (ADAMS). ADAMS is accessible from the NRC Web site at <http://www.nrc.gov/reading-rm/adams.html> (the Public Electronic Reading Room).

Sincerely,

/RA/

Jack R. Strosnider, Director
Office of Nuclear Material Safety
and Safeguards

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Sincerely,

/RA/

Jack R. Strosnider, Director
Office of Nuclear Material Safety
and Safeguards

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