

September 1, 2005

Mr. Michael L. Griffin
Manager, Health and Safety, and
Environmental Affairs
Crow Butte Resources
86 Crow Butte Road
P.O. Box 169
Crawford, NE 69339-0169

SUBJECT: MECHANICAL INTEGRITY TEST FAILURE AT WELL I723-14, SOURCE
MATERIALS LICENSE SUA-1534 (TAC L60502)

Dear Mr. Griffin:

By letter dated July 18, 2005, Crow Butte Resources, Inc. (CBR) notified the U.S. Nuclear Regulatory Commission (NRC) staff that well I723-14 failed a 10-year mechanical integrity test (MIT) during the week of July 4, 2005. Subsequent investigations indicated that the failure occurred at a depth between 18 and 28 feet. CBR sampled wells in the vicinity of I723-14 and drilled and sampled three borings within 35 feet of this well. Results indicated that the MIT failure did not impact ground-water quality. The NRC staff concurs with CBR's conclusion; however, we would like to know the future status of this well. If you have any questions, please contact me at 301-415-7182 or by e-mail at sjc7@nrc.gov.

In accordance with 10 CFR 2.390 of the 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 (PARS) 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/NRC/reading-rm/adams.html>.

Sincerely,

/RA/

Stephen J. Cohen, Project Manager
Uranium Processing Section
Fuel Cycle Facilities Branch
Division of Fuel Cycle Safety
and Safeguards
Office of Nuclear Material Safety
and Safeguards

Docket No.: 40-8943
License No.: SUA-1534

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