

CROW BUTTE RESOURCES, INC.

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June 22, 2005

Mr. Gary Janosko, Branch Chief
Fuel Cycle Licensing Branch, FCSS
c/o Document Control Desk
U.S. Nuclear Regulatory Commission
Washington, DC 20555

Re: Source Materials License SUA-1534
Docket No. 40-8943
SM6-28 Monitor Well Excursion

Dear Mr. Janosko:

On June 16, 2005 during routine biweekly water sampling of Crow Butte Resources, Inc. (CBR) shallow monitor well SM6-28, the multiple parameter upper control limit (UCL) for alkalinity and the single parameter upper control limit (UCL) for conductivity was exceeded. As required by License Condition 11.2 of Source Materials License SUA-1534, a second sample was collected within 48 hours and analyzed for the three excursion indicator parameters. The results of the second sample exceeded the multiple UCL for alkalinity and the single UCL for conductivity.

CBR notified Mr. Robert Nelsen by telephone on June 17, 2005 of the confirmation of the exceedance as required in License Condition 12.2. A confirmation e-mail was sent on the same date. Laboratory results for the sample analysis for SM6-28 are attached. In addition, graphs are attached for the three excursion indicator parameters and water level that cover the period from October 21, 2004 to June 21, 2005.

CBR believes that this apparent excursion is due to increased groundwater levels caused by the significant amount of precipitation received at the facility this spring and is not caused by mining activity. This conclusion is supported by the following indications:

1. Water level in the well has increased 4 feet this spring and is currently within 10 feet of the top of the casing at the well. SM6-28 is located in Mine Unit 6 in an area of high groundwater near the springs that form the source of English Creek. Groundwater quality in this area is under the influence of surface water.



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2. The chloride concentration has increased from normal concentrations of 6 mg/l to 15 mg/l and has not exceeded the UCLs. If the monitor well were affected by an excursion of mining solutions, it would be expected that the chloride concentration would be much higher due to its high concentration in the lixiviant (which typically contains chloride concentrations in excess of 500 mg/l) and its mobility in the environment.

3. There are fifteen other shallow monitor wells in Mine Unit 6 (which is south of English Creek) and Mine Unit 8 (which is north of English Creek) that are showing similar increases in water level, alkalinity, and conductivity with some minor increases in chloride concentrations. Over the past five months water levels have risen an average of 2.1 feet, alkalinity 7 mg/l, conductivity 48 umhos/cm and chlorides 2.6 mg/l. A common characteristic of these wells is the close proximity to the creek. The wells are highlighted on the attached map.

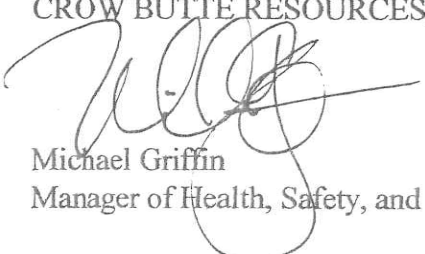
4. There are very few injection wells in operation near SM6-28. All wellheads, wellhouses, and trunklines were checked by CBR field staff on June 17, 2005 and no apparent sources for the excursion were identified.

5. This same shallow monitor well was placed on excursion status in May 2000 following a similar increase in water level due to precipitation (see excursion report dated May 30, 2000). The well was removed from excursion status in late June 2000 after water level had decreased during summer months (see excursion report dated June 27, 2000).

In accordance with License Condition 11.2, CBR will increase the sampling frequency for SM6-28 to weekly until three consecutive weekly samples are below the exceeded UCL. CBR will then continue weekly sampling for an additional three weeks after this goal has been achieved. If the well has not exceeded the UCL, it will be returned to normal status.

If you have any questions or require any further information, please do not hesitate to call me at (308) 665-2215.

Sincerely,
CROW BUTTE RESOURCES, INC.



Michael Griffin
Manager of Health, Safety, and Environmental Affairs

CROW BUTTE RESOURCES, INC.



Mr. Gary Janosko

June 22, 2005

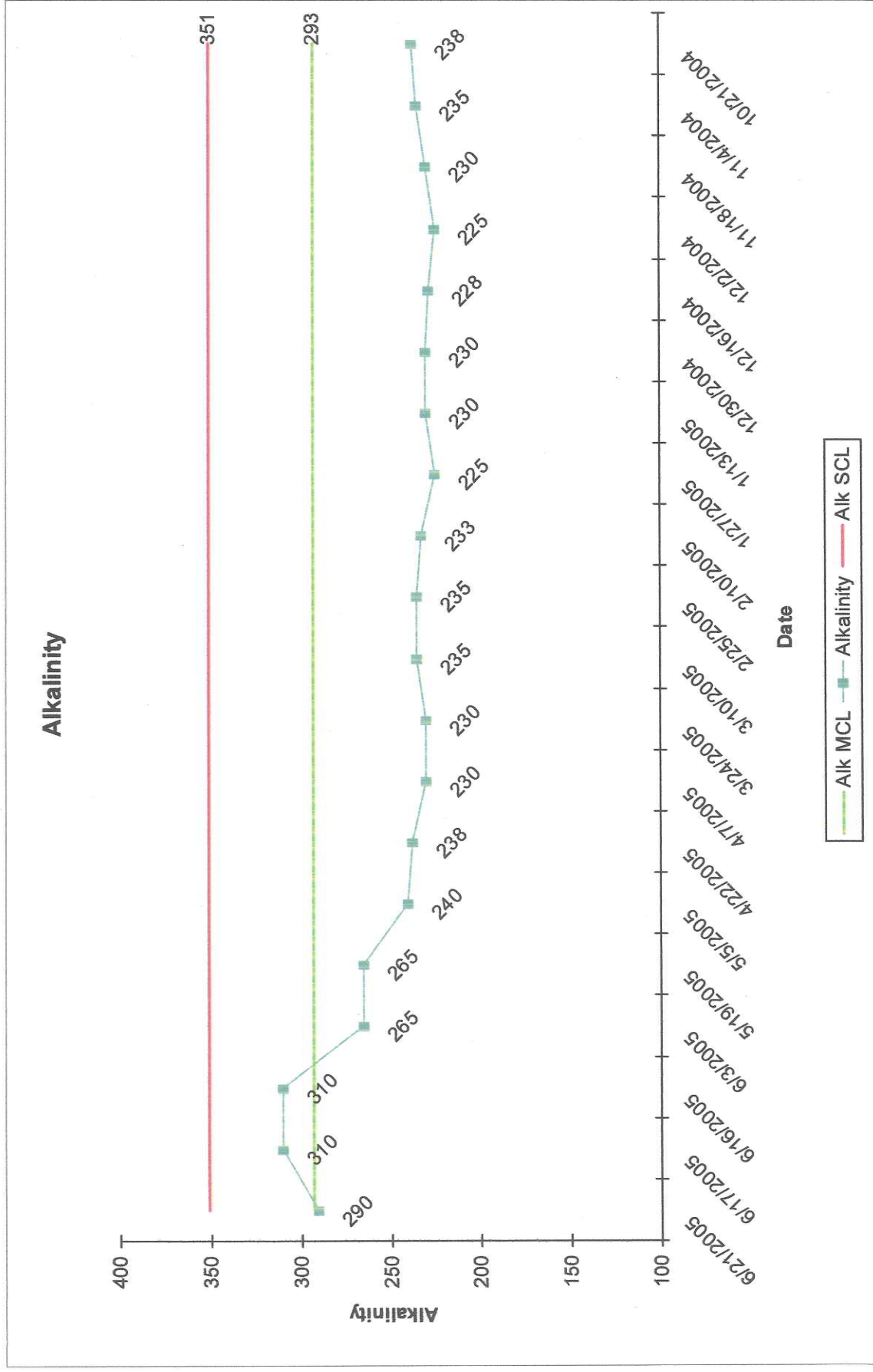
Page 3

Enclosures: As Stated

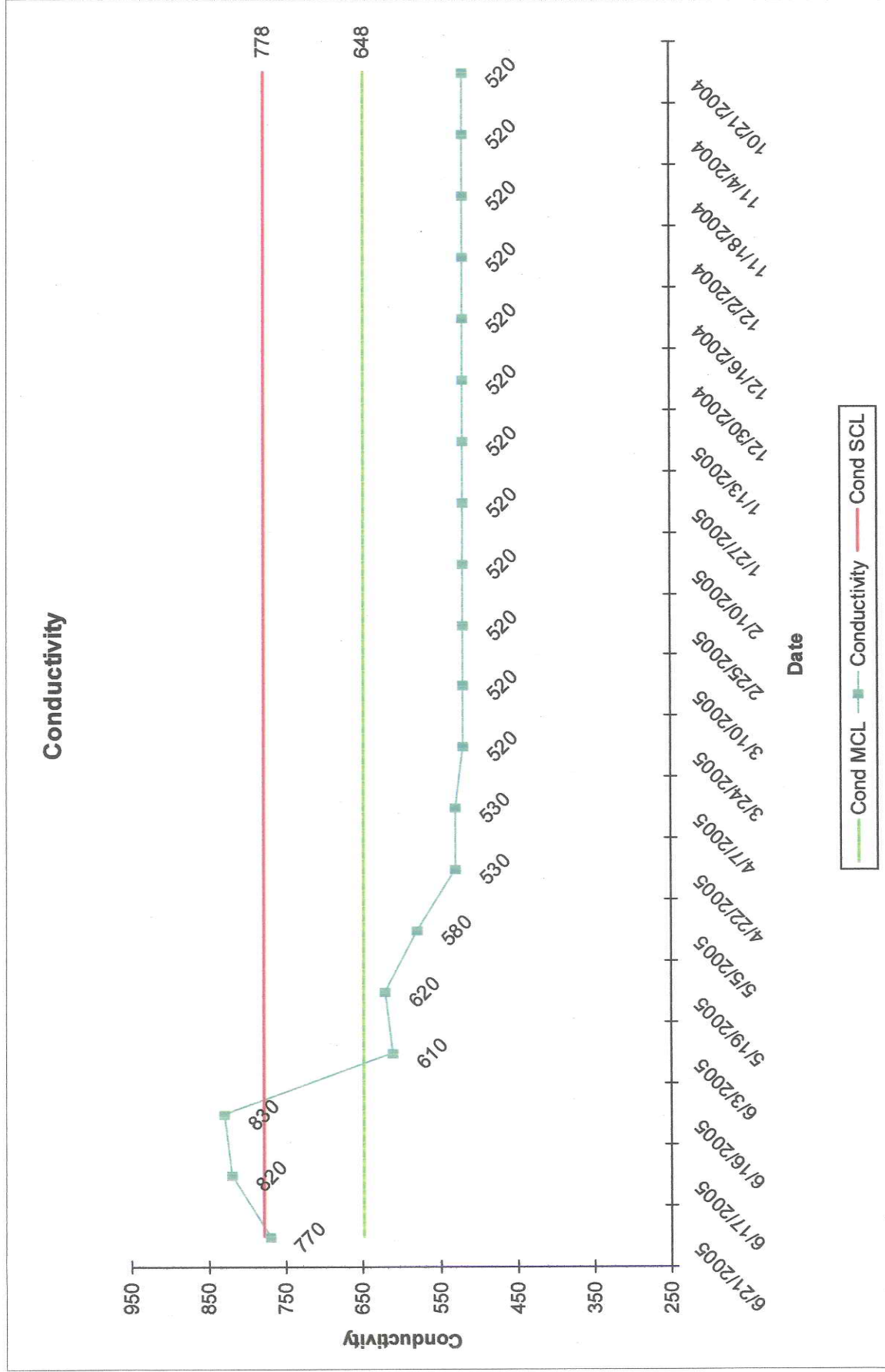
cc: U.S. Nuclear Regulatory Commission
Mr. Robert Nelson - ADDRESSEE ONLY
Fuel Cycle Licensing Branch
Mail Stop T-8A33
Washington, DC 20555

Mr. Steve Collings - CBR, Denver

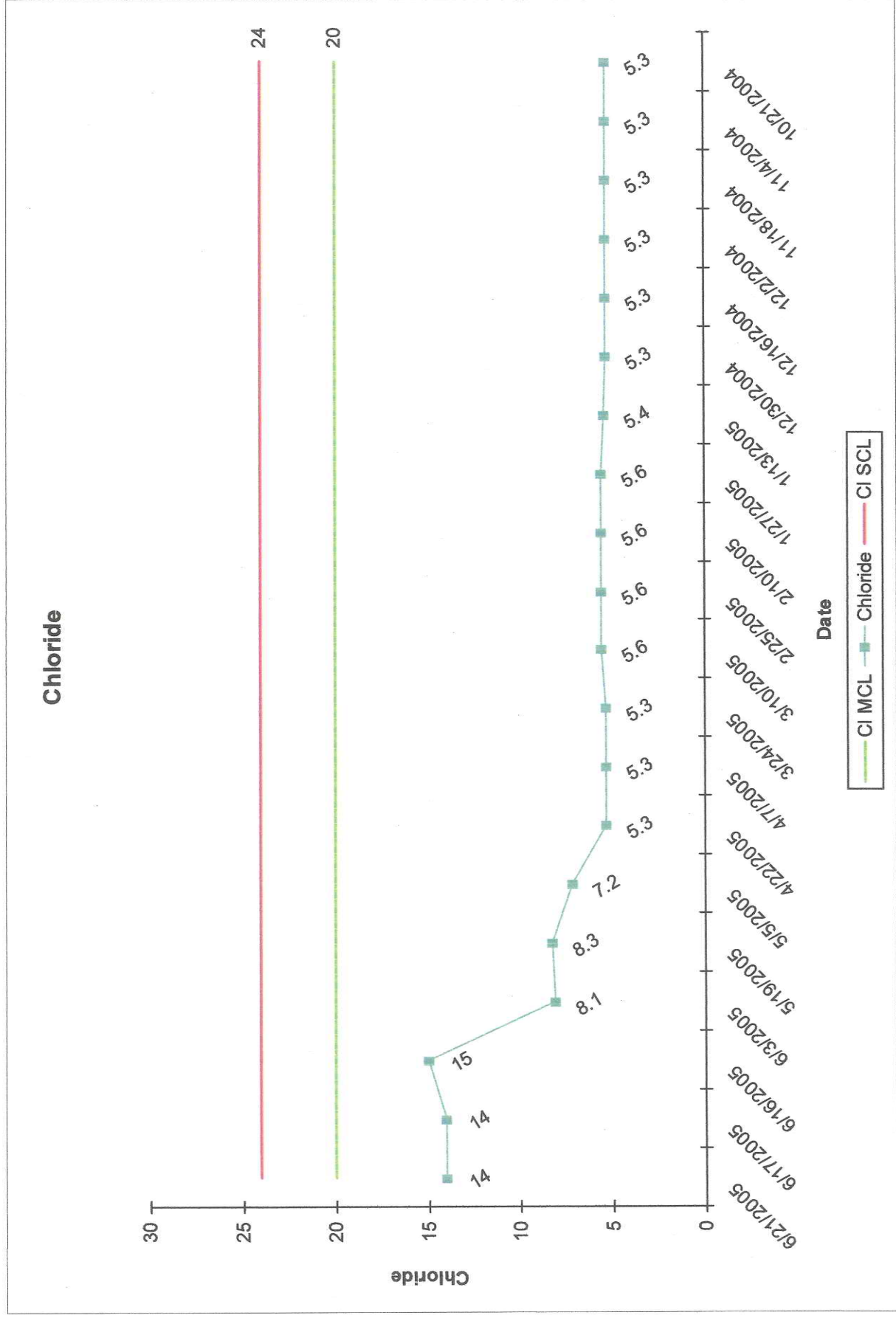
SM6-28



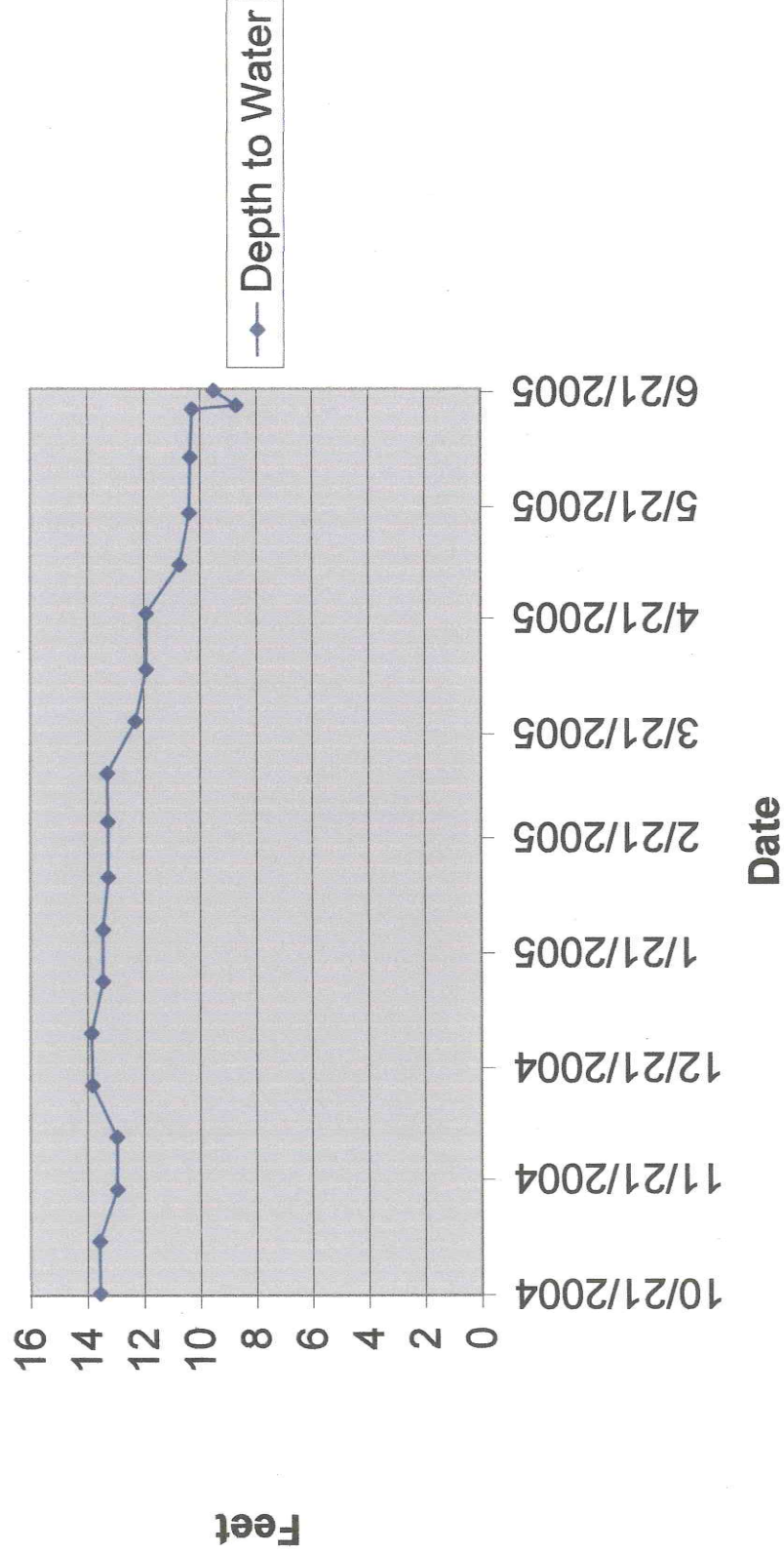
SM6-28



SM6-28



SM6-28



Sample Date 6/17/2005
Analysis Date 6/17/2005

Crow Butte Project

Monitor Well Laboratory Report

Well ID	Alkalinity			Conductivity			Chloride		
	(mg/L)	Alk SCL	Alk MCL	(µmho/cm)	Cond SCL	Cond MCL	(mg/L)	Cl SCL	Cl MCL
SM6-28	310	351	293	820	778	648	14	24	20

Sample Date 6/16/2005
Analysis Date 6/16/2005

Crow Butte Project Monitor Well Laboratory Report

Well ID	Alkalinity			Conductivity			Chloride		
	(mg/L)	Alk SCL	Alk MCL	(µmho/cm)	Cond SCL	Cond MCL	(mg/L)	Cl SCL	Cl MCL
SM6-13	240	360	300	580	768	640	6.7	26	21
SM6-21	210	312	260	530	713	594	8.5	25	21
SM6-22	205	310	258	460	674	562	5.2	22	18
SM6-23	260	314	262	560	691	576	7.4	23	19
SM6-24	220	310	258	480	672	560	5.6	24	20
SM6-25	200	324	270	480	696	580	6.3	24	20
SM6-26	200	308	257	460	726	605	5.2	24	20
SM6-27	220	317	264	480	677	564	5.2	23	20
SM6-28	310	351	293	830	778	648	15	24	20
CM3-5	320	433	361	2120	2814	2345	207	318	265
CM5-13	280	373	311	1920	3149	2624	185	386	322
CM6-25	300	433	361	1910	2952	2460	185	317	264
CM6-26	300	448	373	1910	2952	2460	182	338	282
CM6-28	310	449	374	1860	2894	2412	180	307	256
CM6-29	300	448	373	1920	3024	2520	183	321	268
CM6-30	310	459	383	1880	2952	2460	181	328	274
CM6-31	315	464	386	1900	2851	2376	181	301	251
CM6-32	320	461	384	1950	2981	2484	192	292	244
SM7-11	145	216	180	370	539	449	4.8	27	22
SM7-12	165	223	186	440	619	516	2.6	28	23
SM7-13	145	233	194	380	592	493	6.3	25	21
SM9-5	140	206	172	310	446	372	2.2	22	18
SM9-6	148	216	180	310	461	384	1.9	22	19
SM9-7	160	239	199	410	590	492	4.4	25	21
SM9-8	158	230	192	400	701	584	3.7	106	88

Sample Date 6/16/2005
 Analysis Date 6/17/2005

Crow Butte Project Monitor Well Laboratory Report

Well ID	Alkalinity			Conductivity			Chloride		
	(mg/L)	Alk SCL	Alk MCL	(µmho/cm)	Cond SCL	Cond MCL	(mg/L)	Cl SCL	Cl MCL
SM9-9	155	235	196	400	634	528	8.7	50	42
SM9-10	145	216	180	360	533	444	3.7	24	20
SM9-11	145	230	192	360	518	432	2.6	21	17
CM9-6	305	449	374	1840	3082	2568	181	377	314
CM9-7	300	464	386	1830	2808	2340	183	285	238
CM9-8	290	418	348	1910	2952	2460	206	366	305
CM9-9	305	475	396	1870	2923	2436	198	334	278
CM9-10	300	359	299	1790	2390	1992	178	292	244
CM9-11	303	445	371	1820	2707	2256	178	284	236
CM9-12	300	444	370	1910	2866	2388	198	321	268
CM9-13	295	442	368	1880	2707	2256	189	279	233

