

June 19, 1997

40-8268

Alan Downer, Director
Navajo Nation Historic Preservation Department
ATTN: Peter Noyes and Rolf Nabahe
P.O. Box 4950
Window Rock, AZ 86515

SUBJECT: HYDRO RESOURCES, INC. SOLUTION MINING PROJECT AT
CROWNPOINT, NM

Dear Dr. Downer:

You will recall that the U.S. Nuclear Regulatory Commission is reviewing a license application submitted by Hydro Resources, Inc. (HRI) to construct and operate an *in situ* leach uranium mining facility near Crownpoint, New Mexico. In previous communications with you, the NRC has identified and provided maps of the potential areas of development. Pursuant to Section 106 of the National Historic Preservation Act (NHPA) and the Navajo Nation Cultural Resources Protection Act (19 NNC 1001 et. seq.), a cultural resources survey of Section 12 (T17N R13W) and portions of Sections 7 and 18 (T16N R16W) has been conducted. These are the areas that HRI proposes to initially develop. Although additional areas were initially proposed for development during the first five year period of the project, these areas are either no longer planned for development during this time-frame (eg., Crownpoint), or were difficult to gain access to because property leases have not been executed (eg., Unit 1). Consultation regarding these areas will be conducted at a later date.

The Museum of New Mexico, Office of Archaeological Studies, has drafted a report documenting the aforementioned survey and its findings. The report will serve as the basis of a determination of potential effect under Section 106 of NHPA. The NRC has requested additional information from HRI about planned mining locations in order to facilitate a determination of potential effect. During the interim, the NRC requests that you review and comment on the enclosed report. In addition to the report (including the confidential site location information), site forms and sacred and traditional places documentation forms are also enclosed.

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A. Downer

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

Sincerely,

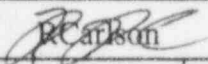
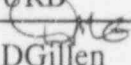
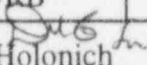
(Original signed by Daniel M. Gillen for)

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

Enclosures: As stated

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