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January 30, 2006

David Albright
Groundwater Office Manager
U. S. Environmental Protection Agency
Region 9
75 Hawthorne Street, Mail Code: WTR-9
San Francisco, CA 94105

Re: Determination of Indian Country Status for Purposes of Underground Injection Control Program Permitting – FRL–7992-9

Dear Mr. Albright:

I am the Vice-President of Environmental and Regulatory Affairs of Strathmore Minerals Corporation. Strathmore controls valuable uranium properties in the vicinity of HRI's Section 8 property which is the issue of EPA's Federal Register notice. Strathmore owns unpatented mining claims on two sections in which BLM holds the surface rights. Strathmore has also leased the mineral rights on several State of New Mexico sections in the area. All of these properties are within the Checkerboard Area and within a few miles of Section 8.

Strathmore's uranium properties contain known resources of approximately 12 million pounds of uranium. At today's uranium spot market price of $37 per pound, these resources represent a multi-million dollar asset to Strathmore. Any Indian Country designation in the vicinity of Strathmore's uranium holdings based on a nebulous community reference test would establish an adverse precedent against Strathmore. An Indian Country designation could be taken by the Navajo Tribe as an opportunity to institute its ban on uranium mining in this area. An Indian Country determination by EPA would effectively constitute a taking without just compensation of Strathmore's valuable property interests, contrary to the Fifth Amendment of the United States Constitution.

The Alaska v. Native Village of Venetie Tribal Gov't., 522 U.S. 520 (1998) case provides a simple test to determine whether Section 8 and properties such as those in which Strathmore owns mineral rights are Indian Country. First, the property must be set aside by the Federal Government for the use of Indians as Indian Land. Second, the property must be under federal superintendence. HRI's Section 8 and Strathmore's properties do not meet either test. As is the case with Section 8, the Strathmore properties have long

been associated with uranium mining. The Strathmore properties have a long history of unpatented mining claims on the BLM lands and mineral leases on the State held lands. These properties were never set aside for Indians. They are non-Indian lands. The various landowners and governmental entities in the Checkerboard Area have always recognized the distinction between trust and allotted lands on one hand, and private, State and BLM lands on the other. The latter have never been viewed as Indian Country for any purpose. Services and land use payments have been earmarked by the Indian and non-Indian status of each particular tract. The Venetie federal set-aside and superintendence test has been the practice in the Checkerboard Area for determining Indian Country status even before the Venetie case was decided.

The EPA has strong public policy reasons to follow the Venetie test and the established practice of land status in the Checkerboard Area in making its determination in this case. The Bush Administration launched its 2010 Nuclear Power Initiative in 2002 to encourage increased usage of nuclear power and new construction of nuclear reactors. The 2005 Energy Bill built upon this initiative by providing tax credits, insurance and federal loan guarantees for new reactor construction and technologies. If nuclear power is going to experience the growth necessary to meet our nation's energy needs and meet the Administration's pronounced goals, the United States must reestablish its capacity to fuel current and future reactors. New Mexico maintains the nation's largest uranium resources, a good portion of which are located in the Checkerboard Area. Despite the protestations of small vocal anti-nuclear groups, the domestic producing industry has developed the technology to produce uranium in a sound environmental manner. While it is EPA's duty to work with the interested parties to assure the environment is protected, it is also EPA's obligation to apply the law and established practices that require non-Indian lands to be determined as non-Indian Country. To hold otherwise is contrary to sound clean energy policy and the United States Constitution. A determination that Section 8 or any other non-Indian property in the Checkerboard Area is Indian Country would effectively ban otherwise licensable uranium production on that property. Such a result would create tremendous takings liabilities for the federal government.

Sincerely yours,

Juan R. Velasquez

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