



Rio Algom

William Paul Goranson, P.E.
Manager, Radiation Safety
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June 19, 2002

CERTIFIED MAIL P 112 459 117

Dan Gillen, Chief
Fuel Cycle Facilities Branch, NMSS
Mail Stop T-8A33
U.S. Nuclear Regulatory Commission
Washington, DC 20555

**Subject: Amendment Request - Change of Control
License No: SUA-1548 Docket No: 40-8964
Smith Ranch Facility**

Dear Mr. Gillen:

Rio Algom Mining Corp. (Rio Algom) has entered into a Purchase Agreement for the sale of the Smith Ranch Facility in Wyoming to Power Resources, Inc. (PRI). The closing of the sale is currently scheduled for July 22, 2002, pending the approval of all license and permit transfers from regulatory authorities, including the NRC. In order to commence the license transfer process, Rio Algom herein supplies the following information for the Change of Control to PRI, consistent with the Regulatory Issue Summary 2001-04, dated January 24, 2001 and NUREG-1556, Volume 15.

Description of the Transaction

Rio Algom has entered into an agreement to sell its Smith Ranch Facility to PRI. As PRI will be the owner and operator of the property, Rio Algom desires to transfer Source Material License No. SUA-1548 to PRI, effective with the closing of the sale scheduled for July 22, 2002. Contacts for the license transfer are:

For Rio Algom: William Paul Goranson
Manager, Radiation Safety, Regulatory Compliance and Licensing
(405) 858-4807

For PRI: William F. Kearney
Manager-Health, Safety and Environmental Affairs/CRSO
(307) 358-6541 ext. 205

Changes in Personnel

PRI will have their own senior management personnel responsible for control over licensed activities and overall management of the facility under License No. SUA-1548. It is our understanding that PRI intends to combine the work forces at the Smith Ranch Facility and the adjacent Highland Uranium Project (License No. SUA-1511), including those individuals responsible for the environmental and safety programs. PRI will be submitting information to the NRC, which details the organizational structure as it

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relates to the personnel responsible for the environmental and safety programs and the control over licensed material. Information pertaining to training, experience and qualifications of these personnel will also be submitted by PRI.

Changes in Organization, Location, Facilities, Equipment or Procedures

Changes in the organization that exercises control over the licensed program will be submitted by PRI. No significant changes in the location of use, facilities, equipment or operating procedures are anticipated at this time. Operating procedures for ongoing activities will be transferred with the property to PRI. It is our understanding the PRI intends to consolidate operations at the Smith Ranch Facility and the Highland Uranium Project to some degree. PRI will be submitting information to the NRC that describes their intentions.

No changes are anticipated in the current facilities or equipment. The Smith Ranch Facility received its current license on September 27, 2001. The production of uranium on a commercial basis commenced in June 1997 and has been on-going since that time. Major facilities at the operation include: Main Office/Central Plant Complex, Satellite No. 1, Operating Wellfield Nos. 1, 3 and 4, Wellfield No. 2 currently in development, two lined Wastewater Evaporation Ponds, and two Deep Disposal Wells.

Surveillance Records

License No. SUA-1548 requires a multitude of routine surveillance and radiation monitoring programs at the facility. All of these records will be transferred to PRI and will remain at the facility.

Decommissioning and Related Records Transfer

The records pertaining to the decommissioning of the Smith Ranch Facility will be transferred to PRI with the property sale. The records will remain at the facility site. These records include the results of leak detection monitoring at the Wastewater Evaporation Ponds, building and equipment alpha and gamma surveys, spill reports, well construction records (including Mechanical Integrity Test (MIT) results), well plugging and abandonment records, surety estimate details, and records related to past R&D activities at the site.

Description of Ambient Radiation Levels within the Facilities

The routine alpha and gamma radiation surveys completed at the facility show radiological conditions consistent with those commonly observed at ISL facilities. Radiological conditions at certain locations within the facility are elevated above background levels as a result of the mining and processing of natural uranium, which produces elevated levels of alpha and gamma radiation, especially in wellfield piping, pipes and vessels in the Satellite and Central Plant facilities, and the yellowcake drying equipment. PRI is aware of the radiological status of the facilities as summarized below from recent survey data:

Satellite No. 1:

Total alpha levels range from 3864 to 13 dpm/100cm² on various pieces of equipment and the floor of the building. Gamma radiation levels range from 1.5 to 0.25 mR/hour above background near gamma producing sources, such as the IX columns.

Central Plant:

Total alpha levels range from 6348 to 69 dpm/100cm² on equipment containing visible uranium. Gamma radiation levels range from 4 to 0.2 mR/hour above background in this area.

Recent Regulatory Agency Inspections:

The most recent inspection of the facility by the WDEQ-LQD was conducted on May 23, 2002. No items of non-compliance were identified. A copy of the report is included as Attachment 1.

The most recent NRC inspection was conducted on April 29-30, 2002. No items of non-compliance were identified.

Transferee's Commitment to Abide by the Transferor's Commitments

PRI has indicated to Rio Algom that they will accept the license transfer with all current conditions and requirements, as well as conditions and commitments made by Rio Algom in referenced documents in the license. PRI may request license amendments in the future that may adjust the license to fit their existing program for the Highland and other ISL projects. PRI will be submitting a separate letter to the NRC that confirms their intent to abide by all constraints, conditions, requirements and commitments with respect to License No. SUA-1548.

License Amendment Request for Transfer

In summary, Rio Algom hereby requests that Source Material License No. SUA-1548 be transferred to PRI through the amendment of Conditions 1, 2, 9.1, 9.5 and 9.6 to read as follows:

1. Power Resources, Inc.
2. P.O. Box 1210
Glenrock, WY 82637

- 9.1 The authorized place of use shall be the licensee's Smith Ranch In-Situ (ISL) Facility in Converse County, Wyoming.
- 9.5 Paragraph 6 - The licensee shall continuously maintain an approved surety instrument for the Smith Ranch Facility in the amount of no less than \$8,676,084 in favor of the State of Wyoming, for the purpose of complying with 10 CFR 40, Appendix A, Criterion 9, until a replacement is authorized by both the State of Wyoming and the NRC.
- 9.6 The licensee shall have an agreement for the disposal of 11(e)2 byproduct material with a facility licensed to accept such materials. The licensee shall maintain the waste disposal agreement onsite. In the event the agreement expires or is terminated, the licensee shall attain a new agreement within 90 days after expiration, or the licensee will be prohibited from further lixiviant injection.

We respectfully request that this License Amendment be issued concurrent with the final transactions and closing of the sale, currently scheduled for July 22, 2002. As previously noted, the concurrence of PRI in filing this request will be submitted separately from PRI.

If you have any questions or should require any additional information concerning this Amendment Request, please contact me at (405) 848-4807.

Sincerely,



William Paul Goranson, P.E.
Manager, Radiation Safety, Regulatory
Compliance and Licensing

Enclosures

CC: John Lusher, NRC (Addressee Only, Fuel Cycle Facilities Branch, Mail Stop T-8A33, Two White Flint North, 11545 Rockville Pike, Rockville, MD, 20850)
Rick Chancellor, Wyoming DEQ Land Quality Division
Bruce Law, Rio Algom
Steve Collings, PRI
Bill Ferdinand, Rio Algom