



Highland Uranium Project
P. O. Box 1210
Glenrock, Wyoming USA 82637
Casper: 307-235-1628
Douglas: 307-358-6541
Fax: 307-358-4533

July 22, 2002

VIA FAX

Mr. Dan Gillen, Chief FCFB
c/o Document Control Desk
Division of Fuel Cycle Safety and Safeguards
Office of Nuclear Materials Safety and Safeguards
U.S. Nuclear Regulatory Commission
11555 Rockville Pike
Rockville, MD 20850

RE: SUA-1548
Docket No. 40-8964
Smith Ranch ISL Facility – Change of Control

Dear Mr. Gillen:

As the NRC staff is aware, Power Resources, Inc. (PRI) has been working with the NRC to transfer NRC License No. SUA-1548 for the Smith Ranch ISL Facility from Rio Algom Mining Corp. to PRI. This correspondence provides notification that the closing of the sale has been completed on July 22, 2002 by both parties and PRI is now in control of the facility and NRC License No. SUA-1548 Amendment 3.

Relative to Surety requirements, please find attached, a copy of the Wyoming Department of Environmental Quality approval of the Letter of Credit for \$8,677,000, including a copy of the surety instrument.

In accordance with NRC requirements, all surveillance and decommissioning records have been transferred with the facility to PRI and will remain there.

As your staff has been informed, PRI plans to combine the Main Office functions for both the Smith Ranch ISL Facility and the Highland Uranium Project at Smith Ranch. Accordingly, the transfer of personnel and records from the Highland office to the Smith Ranch Facility is in progress.



A member of the Cameco group of companies

KIMMISCH PUPIC

If you have any questions or need additional information, please call me at 307-358-6541 ext. 205 or 307-358-3744, ext 62.

Sincerely,

A handwritten signature in black ink that reads "Bill Kearney". The signature is written in a cursive style with a large, sweeping "B" and a long, trailing "y".

W.F. Kearney
Manager-Health, Safety
& Environmental Affairs

cc: Mr. Rick Chancellor – WDEQ-LQD, Cheyenne, WY
Mr. Chuck Cain – NRC Region IV, Arlington, TX
Mr. Paul Goranson – Rio Algom
S.P. Collings – PRI

WFK/ksj



The State
of Wyoming

Department of Environmental Quality

Jim Geringer, Governor

Herschler Building • 122 West 25th Street • Cheyenne, Wyoming 82002

ADMIN/OUTREACH (307) 777-7754 FAX 777-3610	ABANDONED MINES (307) 777-8145 FAX 777-6687	AIR QUALITY (307) 777-7991 FAX 777-5616	INDUSTRIAL SITING (307) 777-7388 FAX 777-6927	LAND QUALITY (307) 777-7758 FAX 777-5864	SOLID & HAZ. WASTE (307) 777-7752 FAX 777-5873	WATER QUALITY (307) 777-7781 FAX 777-5873
---	--	--	--	---	---	--

July 22, 2002

Mr. William F. Kearney, Manager
Health, Safety & Environmental Affairs
Power Resources, Inc.
P.O. Box 1210
Glenrock, WY 82637

RE: Approval of Transfer of Permit No. 633, TFN 4 6/46, Change No. 17

Dear Mr. Kearney:

With the recommendation of Steve Ingle, District I, your pending permit transfer referenced above has been approved effective this date. This action is labeled as Change No. 17 to Permit No. 633. BNP Paribas Bank letter of credit no. [REDACTED] in the amount of Eight Million, Six Hundred Seventy-Seven Thousand Dollars (\$8,677,000) has been accepted to cover the reclamation costs associated with Permit No. 633. Copies of your approved permit transfer application, license to mine, and bond are enclosed.

As of this date no further mining activity may take place by Rio Algom Mining Corporation under Permit No. 633 and License to Mine 633-L3.

Please contact the Department of Revenue, Herschler Building, Second Floor West, Cheyenne, WY 82002 (307-777-7961), for severance tax information.

Should you should have any questions, please feel free to contact us.

Sincerely,


Richard A. Chancellor
Administrator
Land Quality Division


Dennis Hemmer
Director
Dept. of Environmental Quality

DH:RAC:DH:dkv

Enclosures

cc: District I

xc: William Paul Goranson, P.E., Rio Algom Mining, LLC
John W. Cash, Rio Algom Mining Corporation
BNP Paribas



BNP PARIBAS
919 3RD AVENUE, 3RD FLOOR
NEW YORK, N.Y. 10022

BT633

IRREVOCABLE LETTER OF CREDIT

DATE OF ISSUE: JULY 17, 2002

EFFECTIVE DATE: JULY 22, 2002

DATE OF EXPIRY: JULY 22, 2003

LETTER OF CREDIT AMOUNT: USD8,677,000.00

COPY



APPLICANT: POWER RESOURCES INC. (THE "OPERATOR")
274 UNION BLVD., SUITE 274
LAKEWOOD, CO 80228

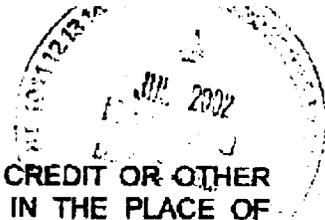
BENEFICIARY: WYOMING DEPARTMENT OF ENVIRONMENTAL QUALITY
HERSCHLER BUILDING (THE "DEPARTMENT")
122 WEST 25TH STREET
CHEYENNE, WY 82002

1. WE HEREBY ESTABLISH OUR IRREVOCABLE LETTER OF CREDIT NO. [REDACTED] (THIS "LETTER OF CREDIT") IN YOUR FAVOUR AVAILABLE BY YOUR DRAFTS AT SIGHT DRAWN ON BNP PARIBAS, NEW YORK ACCOMPANIED BY THE FOLLOWING DOCUMENT AND SENT TO US BY COURIER:
2. A SIGNED AND DATED STATEMENT FROM THE DIRECTOR OF THE WYOMING DEPARTMENT OF ENVIRONMENTAL QUALITY AND THE WYOMING LAND QUALITY ADMINISTRATOR IN ANY ONE OF THE FOLLOWING FORMS:
 - A. "THE UNDERSIGNED HEREBY ADVISE THAT AN ORDER IN AN AMOUNT IDENTICAL TO THE AMOUNT OF THE SIGHT DRAFT WHICH THIS STATEMENT ACCOMPANIES HAS BEEN ENTERED BY THE ENVIRONMENTAL QUALITY COUNCIL PURSUANT TO W.S. §35-11-421, FORFEITING ALL OR PART OF THE AMOUNT OF THE CREDIT BECAUSE OF ANY VIOLATION OF THE WYOMING ENVIRONMENTAL QUALITY ACT, BY POWER RESOURCES INC. PERMIT NO. 633. A CERTIFIED COPY OF THE ORDER OF FORFEITURE IS ATTACHED."
 - B. "THE UNDERSIGNED HEREBY ADVISE THAT A SETTLEMENT AGREEMENT IN AN AMOUNT IDENTICAL TO THE AMOUNT OF THE SIGHT DRAFT WHICH THIS STATEMENT ACCOMPANIES HAS BEEN SIGNED ON BEHALF OF THE WYOMING DEPARTMENT OF ENVIRONMENTAL QUALITY (THE "DEPARTMENT") AND ON BEHALF OF THE OPERATOR POWER RESOURCES INC., PERMIT NO. 633, IN WHICH THE PARTIES HAVE AGREED TO AN AMOUNT DUE TO THE DEPARTMENT BECAUSE OF A VIOLATION OF THE WYOMING ENVIRONMENTAL QUALITY ACT, AND THAT POWER RESOURCES INC. HAS FAILED TO PAY THE AMOUNT DUE WITHIN THE PERIOD OF TIME, SPECIFIED IN THE AGREEMENT."
 - C. "THE UNDERSIGNED CERTIFY THAT THE OPERATOR, POWER RESOURCES INC., PERMIT NO. 633 HAS NOT FILED WITH THE DEPARTMENT AN EXTENSION

[Handwritten signature]



BNP PARIBAS
919 3RD AVENUE, 3RD FLOOR
NEW YORK, N.Y. 10022



OF THIS LETTER OF CREDIT, A SUBSTITUTE LETTER OF CREDIT OR OTHER ACCEPTABLE EVIDENCE OF FINANCIAL RESPONSIBILITY IN THE PLACE OF THIS LETTER OF CREDIT; AND THAT IT IS THIRTY (30) DAYS OR LESS UNTIL THE CURRENT OR ANY AMENDED EXPIRATION DATE OF THIS LETTER OF CREDIT."

3. EACH DRAFT MUST BEAR UPON ITS FACE THE CLAUSE "DRAWN UNDER LETTER OF CREDIT NO. [REDACTED] AND THE TOTAL OF THIS DRAFT AND ALL OTHER DRAFTS PREVIOUSLY DRAWN UNDER THIS LETTER OF CREDIT DOES NOT EXCEED EIGHT MILLION SIX HUNDRED SEVENTY-SEVEN THOUSAND UNITED STATES DOLLARS (USD 8,677,000.00). PARTIAL DRAWINGS ARE PERMITTED, BUT THE TOTAL AMOUNT OF ANY AND ALL DRAWINGS PAYABLE HEREUNDER SHALL NOT EXCEED IN AGGREGATE THE SUM OF EIGHT MILLION SIX HUNDRED SEVENTY-SEVEN THOUSAND UNITED STATES DOLLARS (USD 8 677 000.00).
4. IT IS A CONDITION OF THIS LETTER OF CREDIT THAT IT SHALL BE DEEMED AUTOMATICALLY EXTENDED WITHOUT AMENDMENT FOR ONE YEAR FROM THE PRESENT OR ANY FUTURE EXPIRATION DATE HEREOF, BUT THIS LETTER OF CREDIT SHALL NOT BE EXTENDED BEYOND JULY 22, 2007, UNLESS NOT LESS THAN NINETY (90) DAYS PRIOR TO ANY SUCH EXPIRATION DATE WE SHALL NOTIFY THE DIRECTOR IN WRITING BY CERTIFIED MAIL OR BY COURIER AT THE ABOVE MENTIONED ADDRESS THAT WE ELECT NOT TO CONSIDER THIS LETTER OF CREDIT, RENEWED FOR ANY SUCH ADDITIONAL PERIOD. UPON RECEIPT BY YOU OF SUCH NOTICE, YOU MAY DRAW HEREUNDER. DRAWING AGAINST THE LETTER OF CREDIT BY YOU IN THE EVENT OF NON-RENEWAL AS WELL AS DRAWINGS UP TO THE FULL FACE AMOUNT IN THE EVENT OF THE DEFAULT OF THE OPERATOR SHALL RELIEVE US OF ANY FURTHER OBLIGATIONS UNDER THIS LETTER OF CREDIT.
5. WE HEREBY AGREE WITH YOU THAT DRAFTS DRAWN UNDER AND IN COMPLIANCE WITH THE TERMS OF THIS LETTER OF CREDIT WILL BE DULY HONORED IF PRESENTED TO THE ABOVE MENTIONED DRAWEE BANK ON OR BEFORE JULY 22, 2003 OR ANY AUTOMATICALLY EXTENDED EXPIRATION DATE. IN THE EVENT OF A DRAWING UPON THE CONDITIONS STATED HEREIN, AND EXCEPT FOR THE AMOUNT STATED IN THE PRESENT LETTER OF CREDIT, WE ARE NOT LIABLE IN ANY MANNER FOR OPERATOR'S FAILURE TO COMPLY WITH THE WYOMING ENVIRONMENTAL QUALITY ACT AS SUCH ACT IS THE SET FORTH NOW OR AS MAY BE AMENDED IN THE FUTURE, NOR FOR OPERATOR'S FAILURE TO COMPLY WITH ANY RULES OR REGULATIONS PROMULGATED UNDER THE ACT, NOR FOR OPERATOR'S FAILURE TO COMPLY WITH ANY RECLAMATION PLANS AND ANY TERMS AND CONDITIONS OF ANY PERMIT OR LICENSE ISSUED UNDER OR PURSUANT TO THE ACT.
6. PURSUANT TO CHAPTER XII, LAND QUALITY DIVISION NONCOAL REGULATIONS, THE BANK SHALL GIVE IMMEDIATE NOTICE TO THE OPERATOR AND THE DIRECTOR OF THE DEPARTMENT OF ENVIRONMENTAL QUALITY OF: (A) ANY NOTICE RECEIVED OR ACTION FILED ALLEGING THE INSOLVENCY OR BANKRUPTCY OF THE BANK; OR (B) ALLEGING ANY VIOLATIONS OF REGULATORY REQUIREMENTS WHICH COULD RESULT IN SUSPENSION OR REVOCATION OF THE BANK'S CHARTER OR LICENSE TO

[Handwritten initials]



BNP PARIBAS

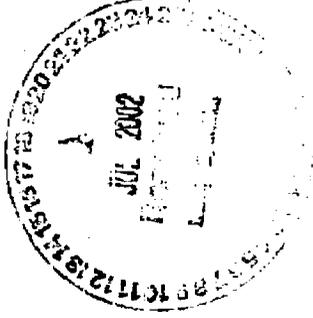
BNP PARIBAS
919 3RD AVENUE, 3RD FLOOR
NEW YORK, N.Y. 10022

DO BUSINESS; OR (C) THE BANK, FOR ANY REASON, BECOMES UNABLE TO FULFILL ITS OBLIGATION UNDER THE LETTER OF CREDIT.

- 7. ALL QUESTIONS ARISING IN CONNECTION WITH THIS LETTER OF CREDIT SHALL BE DETERMINED ACCORDING TO THE LAWS OF THE STATE OF WYOMING.
- 8. THIS LETTER OF CREDIT IS SUBJECT TO THE UNIFORM CUSTOMS AND PRACTICE FOR DOCUMENTARY CREDITS (1993 REVISION), INTERNATIONAL CHAMBER OF COMMERCE - PUBLICATION NO. 500 AND ADDITIONALLY, BY THE UNIFORM COMMERCIAL CODE ENFORCED IN WYOMING ON THE DATE OF THIS LETTER OF CREDIT.

C. P. ...
AUTHORIZED SIGNATURE

William ...
AUTHORIZED SIGNATURE



111 111 111 111 111 111 111 111 111 111