June 2, 2003

Mr. Ron F. Hochstein, President and Chief Executive Officer
International Uranium (IUSA) Corporation
Independence Plaza, Suite 950
1050 Seventeenth Street
Denver, Colorado 80265

SUBJECT: REQUEST FOR ADDITIONAL INFORMATION SUA-1358 - FINANCIAL SURETY FOR THE WHITE MESA URANIUM MILL

Dear Mr. Hochstein:

The U S. Nuclear Regulatory Commission (NRC) staff issued Amendment 21 to International Uranium (USA) Corporation's (IUSA's) source material license on September 2, 2002. Amendment 21 revised license condition 9.5 to reflect NRC's approval of IUSA's March 1, 2002, and August 5, 2002 submittals, to reduce the surety to $10,336,238 to reflect changes in reclamation equipment and materials pricing. Upon receiving NRC's approval, IUSA transmitted the appropriate financial assurance instrument (Rider to the Surety Bond) to the NRC. In accordance with the Handbook for Management Directive 8.12, *Decommissioning Financial Assurance Instrument Security Program*, the changed financial assurance instrument was fully reviewed in order that the old instrument can be returned to IUSA. During this review, it was observed that the Surety Bond and the Standby Trust are inconsistent with current Office of Nuclear Material Safety and Safeguards (NMSS) guidance[1] for these documents and should be updated in the following ways:

(1) The Surety Bond should have a provision added that addresses adjustments to the penal sum.

(2) The Standby Trust should reflect the correct institution acting as the trustee and contain Schedules A, B, and C that reflect the correct amount of the standby trust, the correct institution acting as trustee, and the correct trustee's fee and schedules.

These updates to the financial assurance documents are discussed in the enclosed request for additional information. The NRC requests that IUSA address these comments within 30 days upon receipt of this letter.

---

[1] U.S.N.R.C., Technical Position on Financial Assurances for Reclamation, Decommissioning, and Long-Term Surveillance and Control of Uranium Recovery Facilities, Division of Low-Level Waste Management and Decommissioning, October 1988.

If you have any questions regarding this letter or the NRC staff review, please contact the NRC Project Manager for the IUSA site, William von Till, at (301) 415-6251 or by e-mail at rwv@nrc.gov.

In accordance with 10 CFR 2.790 of the NRC's "Rules of Practice," a copy of this letter will be available electronically for public inspection in the NRC Public Document Room or from the Publicly Available Records (PARS) component of NRC's document system (ADAMS). ADAMS is accessible from the NRC Web site at http://www.nrc.gov/NRC/ADAMS/index.html (the Public Electronic Reading Room).

Sincerely,

/RA/

William von Till, Project Manager
Fuel Cycle Facilities Branch
Division of Fuel Cycle Safety
and Safeguards
Office of Nuclear Material Safety
and Safeguards

Docket No. 40-8681
SUA-1358

Enclosure: Request for Additional Information

cc: W. Sinclair, UT
Tom Rice, Ute Mountain Ute Tribe
Terry Brown, US EPA Region VIII

June 2, 2003

If you have any questions regarding this letter or the NRC staff review, please contact the NRC Project Manager for the IUSA site, William von Till, at (301) 415-6251 or by e-mail at rwv@nrc.gov.

In accordance with 10 CFR 2.790 of the NRC's "Rules of Practice," a copy of this letter will be available electronically for public inspection in the NRC Public Document Room or from the Publicly Available Records (PARS) component of NRC's document system (ADAMS). ADAMS is accessible from the NRC Web site at http://www.nrc.gov/NRC/ADAMS/index.html (the Public Electronic Reading Room).

Sincerely,

/RA/

William von Till, Project Manager
Fuel Cycle Facilities Branch
Division of Fuel Cycle Safety
and Safeguards
Office of Nuclear Material Safety
and Safeguards

Docket No. 40-8681
SUA-1358
Enclosure: Request for Additional Information

cc: W. Sinclair, UT
Tom Rice, Ute Mountain Ute Tribe
Terry Brown, US EPA Region VIII

DISTRIBUTION (w/encl):
FCFB r/f LCarson,RIV

C:\ORPCheckout\FileNET\ML031560855.wpd **ML031560855**

OFC	FCFB		FCFB		FCFB			
NAME	Wvon Till*		BGarrett		M. Fliegel			
DATE	5/21/03		6/02/03		6/02/03			

*see previous concurrence **OFFICIAL RECORD COPY**

REQUEST FOR ADDITIONAL INFORMATION
INTERNATIONAL URANIUM (IUSA) CORPORATION

SURETY BOND

(1) Include a Provision for Adjustments to the Penal Sum
(Technical Position, Appendix A-1)

The current Surety Bond does not have a provision for making adjustments to the penal sum.

The Surety Bond should include a provision for making adjustments to the penal sum, the schedule for making adjustments, and a statement that no decrease in the bond can take place without the written permission of the NRC.

STANDBY TRUST

(2) Revise the Standby Trust to Identity the New Trustee
(Technical Position, Appendix D)

The institution listed in the Standby Trust documents as trustee, Norwest Bank of Colorado, was absorbed into Wells Fargo Bank in a merger in 1998. The Standby Trust contains a provision (Section 13. Successor Trustee) stating that the successor trustee is to specify the date on which it assumes administration of the trust in writing to the Grantor and the NRC before the change becomes effective. The NRC has no record that this notification was received from Wells Fargo Bank.

Therefore, the licensee should ensure that the trustee for the Standby Trust executes this notification specifying the date on which it assumed administration of the trust and sends it to the Grantor (IUSA) and the NRC to fully effectuate revised standby trust documents. Since there are other changes that are recommended for the Standby Trust documents (see below), it would be acceptable for a revised Standby Trust agreement to be submitted that includes this information rather than the notification discussed in Section 13.

(3) Revise the Standby Trust to Include Corrected Schedules A, B, and C
(Technical Position, Appendix D)

The current Standby Trust includes Schedules A, B, and C that contain outdated information about the trustee, the amount of the Standby Trust, and the fees charged by the trustee institution.

A new Schedule A should be included because the current amount is less than the amount of the Surety Bond. Schedule A needs to cite an amount that is at least as great as the current Surety Bond or else the Standby Trust would not be able to spend the entire amount of the bond if it were put in the trust.

New Schedules B and C should be prepared to reflect the new trustee, the amount of the surety bond, and the correct fees charged by the trustee and the schedule for those fees.

Enclosure