

August 18, 2003

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

SUBJECT: COMBINATION OF SMITH RANCH - HIGHLAND URANIUM PROJECT (SR-HUP), RUTH AND NORTH BUTTE LICENSES, LICENSE AMENDMENT 5 TO THE SMITH RANCH SOURCE MATERIALS LICENSE SUA-1548 (TACs L52512, L52517 AND L52531)

Dear Mr. Kearney:

I am responding to your requests dated March 12, 2003, May 6, 2003, and July 9, 2003, to combine the Smith Ranch-Highland Uranium Project (SR-HUP) licenses (License Numbers SUA-1511 and SUA-1548/Docket Number 40-8981). In addition, you requested the inclusion of the Ruth/North Butte (License Number SUA-1540/Docket Number 40-8981) and Gas Hills as satellite facilities. The staff has completed its review with the results as described below.

The staff has concluded that inclusion of the Gas Hills facility in this license consolidation is premature. In a separate request dated June 24, 1998, PRI requested an amendment to the Highlands license (License Number SUA-1511) to operate an *in-situ* leach facility at Gas Hills as a satellite facility to Highlands. The staff has not concluded its review of the 1998 request. Should this request be approved, the staff would amend the Smith Ranch license (SUA-1548), consistent with your more recent consolidation request. Otherwise, the staff has determined that your request of May 2003 is acceptable. Accordingly, the staff has modified the Smith Ranch license (SUA-1548) as described in the following paragraphs.

Amendment 5 of License No. SUA-1548, Docket No. 40-8964, for the Smith Ranch, reflects the consolidation, establishing Smith Ranch as the main uranium processing facility with the Highland, Ruth and North Butte, facilities to be operated as satellite facilities. License No. SUA-1511, Docket No. 40-8857, for the Highlands facility and License No. SUA-1540, Docket No. 40-8981, for the Highland, Ruth and North Butte facilities are hereby consolidated into the SR-HUP license.

The following license conditions in License No. SUA-1548 have been modified or updated:

License condition 9.1 has been modified to indicate that the SR-HUP will be the primary processing facility; while the Highland, Ruth and North Butte facilities will be operated as satellite facilities, from which shipments of loaded ion exchange (IX) resin or yellowcake slurry, which these facilities are authorized to process, will be transported to the Central Processing Plant at Smith Ranch.

License condition 9.3 has been modified to include the additions of the Highland Uranium Project, Ruth and North Butte Facilities, on the Smith Ranch license.

License condition 9.5 has been modified to reflect that in addition to the currently approved surety instrument, an Irrevocable Letter of Credit from the BNY PARIBAS, New York Agency, 919 3rd Avenue, 3rd Floor, New York, NY, 10022, in the amount of \$14,456,300.00, for Smith Ranch, PRI has added \$21,278,100.00 for the Highland Uranium Project, \$102,300.00, for the Ruth facility, \$55,400.00 for the North Butte facility, to the existing surety instrument, in favor of the State of Wyoming.

Section 10 - Operational Limits, Controls, and Restrictions has been modified to indicate that License condition 10.1 applies to the SR-HUP; License condition 10.2 applies to the Ruth and North Butte facilities. Additionally, License condition 10.2 indicates that the Ruth and North Butte facilities cannot become operational until new operating plans are submitted, providing the necessary information addressed in NUREG-1569, "Standard Review Plan for *In Situ* Leach Uranium Extraction Applications," and are approved by the NRC.

License condition 10.1.2.c, has been modified to require PRI to notify the NRC prior to restarting the Highland dryer.

License condition 10.1.3, has been updated to incorporate the guidance in NUREG-1569 concerning well integrity testing.

License condition 10.1.6 has been modified to include requirements for SR-HUP radium settling ponds and purge reservoirs.

License condition 10.1.8 has been modified to provide the requirements for disposal of liquid effluents for SR-HUP.

License condition 10.1.9 has been modified to incorporate the license application requirements from chapters 5 and 6 of PRI's approved license application, which allows PRI's Safety and Environmental Review Panel to add additional wellfields for restoration.

The approved change in License No. SUA-1548, Amendment 5, consolidating the Highland, Ruth and North Butte licenses into the SR-HUP license, is considered administrative and organizational in nature. The remaining license conditions modify or update process operations. Accordingly, pursuant to 10 CFR Part 51.22(c)(11), neither an environmental assessment nor an environmental impact statement is required for this action because: (i) there is no significant change in the types or significant increase in the amounts of any effluents that may be released offsite, (ii) there is no significant increase in individual or cumulative occupational radiation exposure, (iii) there is no significant construction impact, and (iv) there is no significant increase in the potential for or consequences from radiological accidents.

You and Mr. John Lusher, the NRC Project Manager for the Smith Ranch facility, discussed these changes to SUS-1548 on July 17, 2003. If you have any questions concerning this letter or the enclosure, please contact Mr. Lusher at (301) 415-7694 or by email at JHL@nrc.gov.

In accordance with 10 CFR Part 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/reading-rm/adams.html> (the Public Electronic Reading Room).

Sincerely,

/RA/

Susan M. Frant, Chief
Fuel Cycle Facilities Branch
Division of Fuel Cycle Safety
and Safeguards
Office of Nuclear Material Safety
and Safeguards

Docket No. 40-8964, 40-8857, 40-8981
License No. SUA-1548, SUA-1511, SUA-1540

Enclosure: Materials License SUA-1548,
Amendment No. 5

cc: S. Ingle, WDEQ
S.P. Collings, PRI
L. Setlow, EPA

August 18, 2003

In accordance with 10 CFR Part 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/reading-rm/adams.html> (the Public Electronic Reading Room).

Sincerely,

/RA/

Susan M. Frant, Chief
Fuel Cycle Facilities Branch
Division of Fuel Cycle Safety
and Safeguards
Office of Nuclear Material Safety
and Safeguards

Docket No. 40-8964, 40-8857, 40-8981
License No. SUA-1548, SUA-1511, SUA-1540

Enclosure: Materials License SUA-1548,
Amendment No. 5

cc: S. Ingle, WDEQ
S.P. Collings, PRI
L. Setlow, EPA

Closes: L52512, L52517 and L52531

DISTRIBUTION: (w/Encl.):)

CCain RIV RWeller EBrummett ACNW FCFBr/f

C:\MYFILES\Copies\AMENDMEN.WPD

*see previous concurrence

ML

OFC	FCFB	C	FCFB	C	OGC		FCFB		FCFB	
NAME	JLusher		BGarrett		S. Treby		RNelson		SFrant	
DATE	7/30/03		7/30/03		8/14/03		8/14/03		8/18/03	

OFFICIAL RECORD COPY