

December 31, 2003

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

SUBJECT: LICENSE AMENDMENT 23 - FINANCIAL SURETY FOR THE WHITE MESA
URANIUM MILL (TAC NO. LU0017)

Dear Mr. Hochstein:

The staff has reviewed your revised cost estimate for completion of reclamation and decommissioning activities for the White Mesa Uranium Mill Facility submitted on March 4, 2003. The proposed revision is approved and the new surety amount is \$10,518,429.

Criteria 9 and 10 of 10 CFR Part 40, Appendix A, require the licensee to supply sufficient information to the U.S. Nuclear Regulatory Commission to verify that the amount of coverage provided by the financial assurance will permit the completion of all decontamination and reclamation of the site. Additionally, the cost estimates must be calculated on the basis of completion of all activities by a third party and must be updated annually.

The review was completed using the guidance contained in NUREG-1620, "Standard Review Plan for the Review of a Reclamation Plan for Mill Tailing Sites Under Title II of the Uranium Mill Tailings Radiation Control Act of 1978." For the current update, the surety value reflects changes associated with work completed as well as changes associated with current costs. International Uranium Corporation (IUSA) provided updated cost estimates for hauling, drill and blast, and rental of trackhoe, crane, and screens. The estimate reflects the updated costs for labor and equipment maintenance. Unit costs for labor were taken from "Utah General Decision No. 020009." Based on this document, the staff has concluded that the unit labor costs are reasonable and in line with regional rates. In addition, the unit fuel cost was calculated using a method that the staff agreed upon for last year's update. The calculation was performed accurately.

The surety has been reduced because a volume of alternate feed material which had been on-site during the previous surety update has been processed (approximately 250,000 tons based on conversation with the licensee). The current inventory of alternate feed appears to have been updated and accounted for in the current surety estimate.

Lastly, the current estimate takes into account the material that has been placed in Cells 2 and 3. IUSA provided a detailed quantity take-off for the area of the cells that are still open and will require closure. The calculation sheets were reviewed for accuracy and the quantities appear reasonable.

In summary, the surety update for IUSA White Mesa Uranium Mill facility updates the previous surety with cost estimates that adequately reflect changes to the quantities, unit costs, and required contingencies and fees. It is important to note that should the quantity of alternate feed located on-site change significantly, the licensee should update the surety accordingly and within 90 days. The license has been amended accordingly and is enclosed.

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/reading-rm/adams.html>.

Sincerely,

/RA/

Gary S. Janosko, Chief
Fuel Cycle Facilities Branch
Division of Fuel Cycle Safety
and Safeguards
Office of Nuclear Material Safety
and Safeguards

Docket No. 40-8681
License No. SUA-1358

Enclosure: Amendment No. 23

cc: Dane Finerfrock, UT
Tom Rice, Ute Mountain Ute Tribe
Terry Brown, US EPA Region VIII

In summary, the surety update for IUSA White Mesa Uranium Mill facility updates the previous surety with cost estimates that adequately reflect changes to the quantities, unit costs, and required contingencies and fees. It is important to note that should the quantity of alternate feed located on-site change significantly, the licensee should update the surety accordingly and within 90 days. The license has been amended accordingly and is enclosed.

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Sincerely,

/RA/

Gary S. Janosko, Chief
 Fuel Cycle Facilities Branch
 Division of Fuel Cycle Safety
 and Safeguards
 Office of Nuclear Material Safety
 and Safeguards

Docket No. 40-8681
 License No. SUA-1358

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 Tom Rice, Ute Mountain Ute Tribe
 Terry Brown, US EPA Region VIII

Closes TAC No. LU0017

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*See previous concurrence

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