

January 29, 2004

Power Resources, Inc.
ATTN: W. F. Kearney
Manager, Health, Safety
& Environmental Affairs
Smith Ranch-Highland Uranium Project
P.O. Box 1210
Glenrock, Wyoming 82637

SUBJECT: REVIEW OF REQUEST TO OPERATE THE GAS HILLS PROJECT *IN SITU*
LEACH URANIUM RECOVERY FACILITY, AMENDMENT 6 TO SOURCE
MATERIALS LICENSE SUA-1548 (TAC L51702)

Dear Mr. Kearney:

In a letter to the U.S. Nuclear Regulatory Commission (NRC) dated June 24, 1998, Power Resources, Inc. (PRI) submitted an application requesting an amendment to Source Materials License SUA-1511 for the Highland Uranium Project to allow the operation of a satellite *in situ* leach (ISL) uranium recovery facility at the Gas Hills Project site in Fremont and Natrona Counties, Wyoming. This application was supplemented and revised by PRI in letters dated September 24 and November 11, 1999, in response to NRC requests for additional information dated May 21 and July 15, 1999, respectively. Subsequent revisions to the application were provided by PRI in letters dated May 3, 2002 and October 10, 2003.

While PRI's application for the Gas Hills Project was originally proposed as an amendment to the Highland Uranium Project license (SUA-1511), PRI subsequently acquired the operating Smith Ranch *in situ* leach uranium recovery facility located adjacent to the Highland facility, and, in August 2003, the staff approved PRI's request to integrate the Highland license into the Smith Ranch Source Materials License SUA-1548. As such, PRI's request to amend the Highland license for the Gas Hills Project became a request to amend the newly combined Smith Ranch-Highland license (SUA-1548) upon the integration of the two licenses for these contiguous facilities.

The staff has completed its review of PRI's request to operate the Gas Hills Project satellite ISL uranium recovery facility. This review included the preparation of an environmental assessment (EA) to evaluate the environmental impacts associated with the proposed Gas Hills Project. The staff's environmental review is documented in the EA provided to PRI by NRC letter dated January 14, 2004, and concludes that the proposed licensing action will not have a significant impact on the environment. Accordingly, pursuant to the requirements of 10 CFR Part 51, a finding of no significant impact (FONSI) was prepared and published in the **Federal Register** on January 22, 2004 (69 FR 3184), to document the staff's finding and to notice the availability of the EA and PRI's license amendment request, as supplemented and revised.

The staff's review also included a detailed evaluation of the safety aspects of the proposed Gas Hills Project for compliance with the requirements of 10 CFR Part 40, Appendix A, and 10 CFR Part 20. The staff's detailed safety review is documented in the enclosed Safety Evaluation Report (SER, Enclosure 1). Based on its review, the staff concludes that the proposed

Gas Hills Project satisfies the requirements of 10 CFR Part 40, Appendix A, and 10 CFR Part 20. Accordingly, the staff has determined that PRI's request to amend the Smith Ranch-Highland Source Materials License SUA-1548 is acceptable. The staff hereby approves PRI's amendment request for the Gas Hills Project, subject, however, to the changes to PRI's license as described in Section 8.0 of the enclosed SER. Specifically, the staff has revised license conditions 9.1, 9.3, 9.5, 9.6, and 9.9 and added a new Section 10.3 (Gas Hills Project) and new license conditions 10.3.1, 10.3.2, and 10.3.3. Additionally, as previously discussed with you, the staff is taking this opportunity to clarify license condition 10.2.1 for the Ruth and North Butte Facilities regarding the preparation of a new operations plan prior to the onset of commercial *in situ* leach activities. Specifically, license condition 10.2.1 has been modified to specify the preparation of a new operations plan in accordance with the guidance in NUREG-1569 (June 2003), for NRC review and approval, prior to the onset of commercial *in-situ* leach activities. The aforementioned modifications to PRI's license are provided as Amendment No. 6 to Source Materials License SUA-1548 (Enclosure 2).

If you have any questions regarding this letter, please contact Rick Weller, the Project Manager for the Gas Hills Project, at (301) 415-7287 or by e-mail at RMW2@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/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.: 40-8964
License No.: SUA-1548

Enclosures:

1. Safety Evaluation Report for the Gas Hills Project
2. Amendment No. 6 to Source Materials License SUA-1548

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

January 29, 2004

Gas Hills Project satisfies the requirements of 10 CFR Part 40, Appendix A, and 10 CFR Part 20. Accordingly, the staff has determined that PRI's request to amend the Smith Ranch-Highland Source Materials License SUA-1548 is acceptable. The staff hereby approves PRI's amendment request for the Gas Hills Project, subject, however, to the changes to PRI's license as described in Section 8.0 of the enclosed SER. Specifically, the staff has revised license conditions 9.1, 9.3, 9.5, 9.6, and 9.9 and added a new Section 10.3 (Gas Hills Project) and new license conditions 10.3.1, 10.3.2, and 10.3.3. Additionally, as previously discussed with you, the staff is taking this opportunity to clarify license condition 10.2.1 for the Ruth and North Butte Facilities regarding the preparation of a new operations plan prior to the onset of commercial *in situ* leach activities. Specifically, license condition 10.2.1 has been modified to specify the preparation of a new operations plan in accordance with the guidance in NUREG-1569 (June 2003), for NRC review and approval, prior to the onset of commercial *in-situ* leach activities. The aforementioned modifications to PRI's license are provided as Amendment No. 6 to Source Materials License SUA-1548 (Enclosure 2).

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Sincerely,

/RA/

Gary S. Janosko, Chief
 Fuel Cycle Facilities Branch
 Division of Fuel Cycle Safety
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 S. Collings, PRI
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*see previous concurrence

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OFC	FCFB		FCFB		FCFB		FCFB	
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DATE	1/28/04		1/29/04		1/29/04		1/29/04	

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