

April 5, 2004

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

**SUBJECT: SOURCE MATERIALS LICENSE SUA-1358 - FINANCIAL SURETY UPDATE FOR  
THE WHITE MESA URANIUM MILL, AMENDMENT 25 (TAC LU0034)**

Dear Mr. Hochstein:

The staff has reviewed International Uranium (IUSA) Corporation's revised cost estimate for completion of reclamation and decommissioning activities for the White Mesa uranium mill facility submitted on March 3, 2004. 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 (NRC) 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, Rev. 1, "Standard Review Plan for the Review of a Reclamation Plan for Mill Tailings 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. The IUSA provided updated estimates for equipment rental and availability, drill and blast costs and highway truck vehicle rental. The estimate reflects the updated costs for labor and equipment maintenance. Unit costs for labor were taken from "Utah General Decision No. 2003009." The staff has reviewed the labor costs and concluded that they are reasonable and in line with regional rates. Additionally, fuel costs were calculated using a method previously approved by staff and were performed accurately.

The surety is adjusted to account for work performed and new material placed on site. Addition of alternate feed material increased the cost while reclamation activities for cover material on Cell 3 and removal of liner material in Cell 4A reduced costs. All assumptions and quantity calculations were reviewed by staff and appear reasonable. The long-term care cost was adjusted based on the Consumer Price Index and the calculation was performed correctly.

In summary, the 2004 surety update for IUSA White Mesa uranium mill facility reflects an overall increase and updates the previous surety with cost estimates that adequately reflect changes to the quantities, unit costs, and required contingencies and fees. Material placement and completion of reclamation activities will be visually verified at the next regular inspection.

The revised surety amount approved by staff is \$10,618,895 which is an increase from the previous surety amount of \$10,522,914. License condition 9.5 of the license has been amended accordingly and is enclosed. An environmental review was not performed for this action since it is an administrative change and is categorically excluded per 10 CFR Part 51.22(c)(10).

In accordance with 10 CFR 2.390 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>.

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  
SUA-1358

Enclosure: License Amendment 25

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

R. Hochstein

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Gary S. Janosko, Chief  
Fuel Cycle Facilities Branch  
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Terry Brown, US EPA Region VIII

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