

impacts. However, at this time, LES considers only Options 1 and 2 below to represent plausible strategies for the disposition of its UBCs.

Option 1 – U.S. Private Sector Conversion and Disposal (Preferred Plausible Strategy)

Transporting depleted UF_6 from the NEF to a private sector conversion facility and depleted U_3O_8 permanent disposal in a western U.S. exhausted underground uranium mine is the preferred "plausible strategy" disposition option. The NRC repeatedly affirmed its acceptance of this option during its licensing review of the previous LES license application. In Section 4.2.2.8 of its final environmental impact statement (FEIS) for that application, the NRC staff noted that "it is plausible to assume that depleted UF_6 converted into U_3O_8 may be disposed by emplacement in near surface or deep geological disposal units" (NRC, 1994a). And during the subsequent adjudicatory hearing on that application, an NRC Atomic Safety and Licensing Board held that "[LES] has presented a plausible disposal strategy. [Its] plan to convert depleted UF_6 to U_3O_8 at an offsite facility in the United States and then ship that material as waste to a final site for deeper than surface burial is a reasonable and credible plan for depleted UF_6 disposal (NRC, 1997).

LES has committed to the Governor of New Mexico (LES, 2003b) that: (1) there will be no long-term disposal or long-term storage (beyond the life of the plant) of UBCs in the State of New Mexico; (2) a disposal path outside the State of New Mexico is utilized as soon as possible; (3) LES will aggressively pursue economically viable paths for UBCs as soon as they become available; (4) LES will work with qualified vendors pursuing construction of private deconversion facilities by entering in good faith discussions to provide such vendor long-term UBC contracts to assist them in their financing efforts; and (5) LES will put in place as part of the NRC license a financial surety bonding mechanism that assures funding will be available in the event of any default by LES.

ConverDyn, a company that is engaged in converting U_3O_8 material to UF_6 for enrichment, has the technical capability to construct and operate a depleted UF_6 to depleted U_3O_8 facility at its facility in Metropolis, Illinois in the future if there is an assured market. One of the two ConverDyn partners, General Atomics, may have access to an exhausted uranium mine (the Cotter Mines in Colorado) where depleted U_3O_8 could be disposed. Furthermore, discussions have recently been held with Cogema concerning a private conversion facility. Cogema has experience with such a facility currently processing depleted UF_6 in France. These factors support LES's position that this option is the preferred "plausible strategy" option.

Option 2 – DOE Conversion and Disposal (Plausible Strategy)

Transporting depleted UF_6 from the NEF to DOE conversion facilities for ultimate disposition is a plausible disposition option. Pursuant to Section 3113 of the USEC Privatization Act, DOE is instructed to "accept for disposal" depleted UF_6 , such as those that will be generated by the NRC-licensed NEF. To that end, DOE has recently contracted for the construction and operation of two UF_6 conversion facilities to be located in Paducah, Kentucky and Portsmouth, Ohio.

DOE has recently reaffirmed the plausibility of this option. In a July 25, 2002 letter to Martin Virgilio, Director of the NRC Office of Nuclear Material Safety and Safeguards, William Magwood IV, Director of DOE's Office of Nuclear Energy, Science and Technology, unequivocally stated that "in view of [DOE's] plans to build depleted uranium disposition facilities and the critical importance [DOE] places on maintaining a viable domestic uranium enrichment industry, [DOE] acknowledges that Section 3113 may constitute a "plausible strategy" for the