

December 3, 2004

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

SUBJECT: POWER RESOURCES, INC., SMITH RANCH - HIGHLAND URANIUM  
PROJECT AMENDMENT 9 (TAC LU0069)

Dear Mr. Kearney:

I am responding to your letters dated October 22, 2004, and November 24, 2004, that requested an amendment for License Condition 10.2.2, for the Ruth and North Butte sites. Your letters requested that the frequency of the periodic inspections for the Ruth site be changed to quarterly and that the inspection requirement for the North Butte facility be deleted. In addition, you requested that the requirement to check the leak detection system at the Ruth evaporation ponds be revised such that only a visual inspection of the pond liners, embankments, and fences be required.

The staff agrees that: the site consists of two small buildings and two dry evaporation ponds; most of the contaminated materials have been removed from the site; the pilot wellfield wells have been plugged; the site is relatively remote and is located on private land surface thereby limiting access to the general public; and over the past several years there has been no evidence of any unwanted activities at the site. Regarding the evaporation ponds, the staff has observed that the evaporation ponds are normally dry but may contain water from infrequent natural precipitation events such as snow or rain. The staff agrees that these conditions eliminate any significant head to drive release from the bottom of the ponds. The dry material in the bottom of the ponds is mainly wind blown surface materials. Based on these conclusions, visual inspection of the liners, embankments, and fences should be sufficient.

Additionally, the staff agrees that there have been no licensed activities at the North Butte site, other than those required to obtain a permit from the Wyoming Department of Environmental Quality. An additional license amendment is required before licensed activities can begin at this site. Therefore, an inspection is not needed at the North Butte site.

The NRC staff agrees that License Condition 10.2.2 should be revised to read as follows:

LC 10.2.2      The licensee shall perform and document, at the Ruth site, visual inspections of the evaporation pond embankments, fences, and liners, as well as measurements of pond freeboard. The frequency of those inspections shall be quarterly. If a

significant event occurs that adversely affects the integrity of the evaporation ponds and could result in a release of by-product material to the environment, the NRC Project Manager shall be notified by telephone or e-mail within 48 hours of verification of such condition.

A written report shall be filed with the NRC within 30 days of first notifying the NRC that a leak exists. This report shall include analytical data and describe the mitigative action and the results of that action.

[Applicable Amendment: 5, 6, 9]

The staff has determined that the proposed licensing action is procedural in nature and that the following conditions have been met:

- There is no significant change in the types or significant increases in the amounts of any effluents that may be released offsite;
- There is no significant increase in individual or cumulative occupational radiation exposure;
- There is no significant construction impact; and
- There is no significant increase in the potential for or consequences from radiological accidents.

Therefore, the staff has concluded that this license amendment meets the requirements in 10 CFR 51.22(c)(11) for a categorical exclusion. Consequently, neither an environmental assessment nor an environmental impact statement is required.

These changes to Materials License SUA-1548 were discussed between you and Mr. John Lusher, the NRC Project Manager for the Smith Ranch - Highland Uranium Project, on November 22, 2004. If you have any questions concerning this letter or the enclosure, please contact Mr. Lusher at (301) 415-7694 or via e-mail to [JHL@nrc.gov](mailto:JHL@nrc.gov).

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>.

Please note that on October 25, 2004, the NRC suspended public access to ADAMS, and initiated an additional security review of publicly available documents to ensure that potentially sensitive information is removed from the ADAMS database accessible through the NRC's web

site. Interested members of the public may obtain copies of the referenced documents for review and/or copying by contacting the Public Document Room pending resumption of public access to ADAMS. The NRC Public Document Room is located at NRC Headquarters in Rockville, MD, and can be contacted at (800) 397-4209 or (301) 415-4737 or [pdr@nrc.gov](mailto:pdr@nrc.gov).

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

Enclosure: License Amendment 9

cc: Stephen P. Collings, CBR, Denver

W. Kearney

3

December 3, 2004

site. Interested members of the public may obtain copies of the referenced documents for review and/or copying by contacting the Public Document Room pending resumption of public access to ADAMS. The NRC Public Document Room is located at NRC Headquarters in Rockville, MD, and can be contacted at (800) 397-4209 or (301) 415-4737 or [pdr@nrc.gov](mailto:pdr@nrc.gov).

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

Enclosure: License Amendment 9

cc: Stephen P. Collings, CBR, Denver

**(Closes TAC LU0069)**

DISTRIBUTION: (w/encl)  
FCFB r/f                      ACNW                      C.Cain RIV

DOCUMENT NAME: E:\Filenet\ML043420490.wpd

**ML043420490**

<b>OFC</b>	FCFB		FCFB		FCFB		FCFB	
<b>NAME</b>	J. Lusher		B. Garrett		R. Nelson		G. Janosko	
<b>DATE</b>	12/3/04		12/1/04		12/3/04		12/3/04	

**OFFICIAL RECORD COPY**