

September 19, 2006

Oscar Paulson, Facility Supervisor
Sweetwater Uranium Facility
Kennecott Uranium Company
P.O. Box 1500
Rawlins, WY 82301-1500

SUBJECT: LICENSE AMENDMENT NO. 24 - 2006 SURETY UPDATE FOR KENNECOTT
URANIUM COMPANY'S SWEETWATER URANIUM PROJECT, SOURCE
MATERIALS LICENSE SUA-1350 (TAC LU0138)

Dear Mr. Paulson:

By letter dated July 12, 2006, Kennecott Uranium Company (KUC), Rawlins, Wyoming, submitted to U.S. Nuclear Regulatory Commission (NRC) staff an update to its surety for the Sweetwater Uranium Project. This update reflects an adjustment to the 2005 surety based upon the Consumer Price Index (CPI) - All Urban Consumers. A surety rebaseline is not required since such a rebaseline was performed for the previous license renewal approved in 2004. NRC staff has reviewed KUC's submittal and is issuing License Amendment No. 24, which reflects the new surety amount of \$8,349,000.

This licensing action is categorically excluded under 10 CFR 51(c)(10)(i), which states that license amendments for changes in surety, insurance, and indemnity requirements are categorically excluded from further environmental review. If you have any questions, please contact me at 301-415-7182 or by e-mail at sjc7@nrc.gov.

In accordance with 10 CFR 2.390 of the NRC's "Rules of Practice for Domestic Licensing Proceedings and Issuance of Orders," 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 Agencywide Documents Access and Management System (ADAMS). ADAMS is accessible from the NRC Web site at <http://www.nrc.gov/NRC/reading-room/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.: 40-8584
License No.: SUA-1350

Enclosure: License Amendment No. 24

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Docket No.: 40-8584
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Enclosure: License Amendment No. 24

(CLOSES TAC LU0138)

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