

September 26, 2006

Mr. John McCarthy
Power Resources, Inc.
Smith Ranch-Highland Uranium Project
P.O. Box 1210
Glenrock, WY 82637

SUBJECT: RE-BASELINING OF SURETY ESTIMATES FOR SOURCE MATERIALS
LICENSE SUA-1548 (TAC LU0136)

Dear Mr. McCarthy:

The U. S. Nuclear Regulatory Commission (NRC) staff has reviewed recent surety estimates submitted by Power Resources, Inc., in accordance with License Condition 9.5 of Source Materials License SUA-1548. As we have discussed, because the current baseline costs for these sureties are from July 1998, NRC staff has determined that a re-baselining to current costs (i.e., circa 2006) is appropriate. Consequently, as agreed upon, please provide the NRC with re-baselined sureties with associated spreadsheets for the Smith Ranch, Highland, Ruth, North Butte, Gas Hills, and Reynolds Ranch Projects no later than December 31, 2006.

This request closes technical assignment control (TAC) number LU0136. A new TAC number will be assigned upon your response to this request. If you have any questions regarding this letter, please contact me at (301) 415-7612, or by e-mail, pxm2@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/reading-rm/adams.html>.

Sincerely,

/RA/

Paul Michalak, Hydrogeologist
Uranium Processing Section
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

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License No.: SUA-1548

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