



February 16, 2007

**License SUA-1341
Docket No. 40-8502**

Mr. Ron Linton, Project Manager
Decommissioning and Uranium Recovery Licensing Directorate
U.S. Nuclear Regulatory Commission
Mail Stop T-8A33
Two White Flint North
11545 Rockville Pike
Rockville, MD 20852-2738

RE: Response to RAI Dated December 28, 2006, COGEMA Mining, Inc. (TAC J00505)

Dear Mr. Linton:

This letter is in response to your December 28, 2006 letter to me requesting additional information for the annual surety update for COGEMA Mining originally submitted to your office on October 18, 2006.

After review of your letter and the surety estimate, I believe that it will be better to go forward with an inflation adjustment for the entire surety rather than ending up with portions of the surety that are inflated and portions that are in today's dollars. This could cause unnecessary frustrations in the future when updating the surety.

As we discussed by email today, COGEMA has revised the total surety estimate to add a 3.3% inflation adjustment based on the change in the CPI, All Urban Consumers, from August 2005 (196.4) to September 2006 (202.9). Because we will need to submit another surety update prior to the re-start of operations, we will wait to re-baseline the surety at that time.

Accordingly, as the result of these changes, this year's surety estimate is now \$9,565,773 compared to the October 18, 2006 estimate of \$9,260,187, or an increase of \$305,586. Table 1 of the surety has been revised and is attached to this letter.

Your review and approval of the new amount is requested. Please note that I have also included a copy of the State of Wyoming DEQ's review of the surety for your files. Please contact Tom Hardgrove at (307) 234-5019 if you should have any questions.

Sincerely,

Donna L. Wichers
General Manager

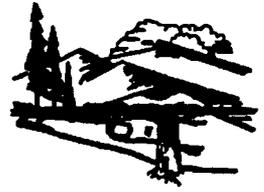
cc: NRC – Region IV
COGEMA – Bernard Bonifas, Tom Hardgrove, Larry Arbogast

TABLE 1

	WDEQ Estimate	NRC Estimate
I GROUNDWATER RESTORATION - Worksheet 1:	\$3,124,253	\$3,358,895
II DECOMMISSIONING AND SURFACE RECLAMATION:		
A. Process Plant(s) Equipment Removal and Disposal Worksheet 2	\$184,990	\$184,990
B. Plant Building(s) Demolition and Disposal Worksheet 3	\$750,473	\$750,473
C. Process Pond Sludge and Liner Handling Worksheet 4	\$696,640	\$696,640
D. Well Abandonment Worksheet 5	\$777,300	\$777,300
E. Wellfield Equipment Removal and Disposal Worksheet 6	\$842,007	\$842,007
F. Topsoil Replacement and Revegetation Worksheet 7	\$942,469	\$942,469
G. Miscellaneous Reclamation Activities Worksheet 8	\$116,118	\$116,118
Sub Total - Decommissioning and Surface Reclamation	\$4,309,997	\$4,309,997
TOTAL RESTORATION AND RECLAMATION	\$7,434,250	\$7,668,892
Adjustment for Inflation = 3.3% (Aug. 2005 CPI All Urban Consumers, 196.4, to Sept. 2006, 202.9)	\$245,330	\$253,073
SUBTOTAL	\$7,679,581	\$7,921,965
Miscellaneous Costs Associated with Third Party Contractors		
	WDEQ	NRC
Project Design	0.5%	0%
Contractor Profit & Mobilization	8%	3%
Pre-construction Investigation	1%	
Project Management	3%	2%
On-site monitoring	0.5%	
Site Security & Liability Assurance	1%	0.0%
Longterm Administration	2%	
Subtotal miscellaneous additions to bond	16.0%	5.0%
		\$1,228,733
SUBTOTAL		\$8,908,313
	WDEQ	NRC
Contingency	4%	15%
		\$356,333
GRAND TOTAL RESTORATION AND RECLAMATION	\$9,264,646	\$9,565,773



Department of Environmental Quality



To protect, conserve and enhance the quality of Wyoming's environment for the benefit of current and future generations.

Dave Freudenthal, Governor

John Corra, Director

February 9, 2007

Mrs. Donna Wichers
COGEMA Mining, Inc.
P. O. Box 730
Mills, WY 82644

RE: Irigaray-Christensen Operations, Review of 2005-2006 Annual Report and Semiannual Monitoring Report, Permit No. 478,

Dear Mrs. Wichers:

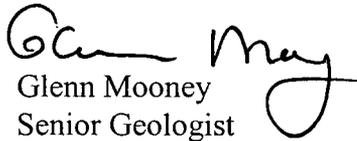
I have reviewed the 2005-2006 Annual Report on the Irigaray and Christensen Ranch Operations as well as the reclamation bond calculations submitted with the Annual Report.

In the attached memo, I tentatively find the reclamation bond could be reduced to a total of \$8,968,680.00, the same as COGEMA's estimate. Reduction is not advised, both because of the NRC's greater requirement and because greater bond coverage will be required in the event of the restart of mining operations.

This closes out my review of both the Annual Report and the SemiAnnual Monitoring Report.

Please feel free to call me if you have any questions.

Sincerely,


Glenn Mooney
Senior Geologist

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Attachment

cc: Cheyenne File w/attach.
NRC-MD w/attach.

478an06rv.7gm

1866 SOUTH SHERIDAN AVENUE • SHERIDAN, WY 82801

AIR, LAND AND WATER DIVISIONS
(307) 673-9337 • FAX (307) 672-2213



MJK
2/7/07

MEMORANDUM

TO: File, COGEMA Mining Co's. Irigaray-Christensen Ranch In Situ Uranium Operations, Permit No. 478

FROM: Glenn Mooney *GM*

DATE: February 9, 2007

SUBJECT: Review of 2005-2006 Annual Report and SemiAnnual Monitoring Report

Introduction

A review was conducted of the Annual Report, which covered the period July 1, 2005, to June 30, 2006, and received October 19, 2006. The 2004 (sic) Annual Effluent and Monitoring Report and Semi-Annual Monitoring Report, July 1 through December 31, 2005, was also reviewed for information covering the second half of 2005.

Chronology

According to the Annual Report, the following milestones and other occurrences happened during the past report year:

2005-2006	Well plugging and abandonment of unused trend and research wells begins at Irigaray
July 2005	Fourth and final round of stabilization monitoring completed in Christensen Ranch Unit 3
August 30&31, 2005	MIT of Deep Disposal Well DW No. 1 at Christensen Ranch conducted.
November 2005	DEQ/LQD approves restoration of Irigaray Units 1-9
March 2006	Fourth and final round of stabilization monitoring completed in Christensen Ranch Unit 6
Summer 2006	Removal of wellfield buildings and basements begins in Irigaray Production Units 5, 6, 7, 8 and 9. Soil surveys carried out with potentially contaminated soil sent to Shirley Basin disposal site.
June 2006	Removal of buried piping and electrical cable carried out at Christensen Ranch Module 6-3.

*MSK
2/9/07*

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July 2006 Reclamation of Irigaray Pond D resumes with removal of sludge, liner and leak detection systems.

September 20, 2006 NRC approves Irigaray groundwater restoration.

Excursions

One monitor wells at Christensen Ranch remains on excursion status. Monitor Well 5MW66 went on excursion status on July 21, 2004, and has remained in excursion since. The excursion parameters have been trending downward according to recent sampling.

Excursion status in a monitor well at both Irigaray and Christensen Ranch is determined when two or more of the three excursion parameters, conductivity, chloride and total alkalinity, are found during biweekly sampling to be at or above a predetermined level known as the Upper Control Limit or UCL.

COGEMA files a monthly report listing those wells that have been in excursion status during the previous month.

Monitoring Data

The report document contains a large amount of monitoring data for the Irigaray and Christensen Ranch monitor wells. Each well, except the one which remains in excursion status, was sampled quarterly. Until stabilization monitoring in Christensen Ranch Unit 6 was completed in March 2006, monitor wells in that Unit were monitored monthly.

Mechanical Integrity Testing

No mechanical integrity testing was conducted during the report period.

Surface Disturbances

There was no additional land disturbed during the report period.

A minor amount of reclamation work was carried out following replacement of culverts under an access road in Christensen Ranch Unit 2.

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Reclamation

The Semiannual Monitoring Report stated that 132 regional and extraneous monitor wells had been plugged and abandoned. It also stated that buried piping was being removed in Christensen Ranch Units 6 through 9.

The Annual Report notes that sludge removal from Irigaray Pond D was carried out during the report period. This work was part of a continuing operation to clean and reclaim the ponds at Irigaray.

Removal of the surface equipment in the Irigaray well fields has been on-going for several years. Plugging and abandonment of wells has begun also, but was not mentioned in the Report.

Future Plans

The Report states that with the increase in uranium prices, mining operations can be expected to resume at Christensen Ranch during 2007. The Report states that the decision to resume mining may be made by the end of 2006, but that both partners in the project must agree. As of this writing, no word on the decision for restart has been received by the Land Quality Division.

Bond

Restoration of the groundwater in the Irigaray well fields was approved in November 2005.

A detailed bond estimate was included with the Annual Report. Some aspects of the bond estimate are:

1. Groundwater Restoration

Review of the bond estimate found that the costs of carrying out one pore volume groundwater sweep, reverse osmosis treatment of five pore volumes and treatment of one pore volume with hydrogen sulfide reductant for each of the five mined well fields at Christensen Ranch have been retained.

2. The cost of operating the deep disposal wells for operations being carried out for the five mined wellfields are enclosed.

3. The costs of stabilization monitoring for the five mined wellfields are included.

4. The estimate does not include any costs for groundwater restoration of Christensen Ranch Units 7 and 8 as injection has not occurred in either of these well fields. The estimate does show that a total of 392 wells were drilled in Unit 7 and the cost for abandonment of these

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wells was included. Costs for revegetation of disturbances in both these units were also included.

4. The estimate includes \$140,200 to cover plugging of the two deep disposal wells.
5. COGEMA has included the costs of demolition and disposal of all the plant buildings. The estimate is based on the assumption that 80% of the rubble can be sent to a regular landfill with the remainder being sent to a licensed disposal facility for radiologically contaminated material.
6. COGEMA included contingencies totaling 36%.
7. COGEMA's estimate for the bond comes to \$8,968,680.00. This amount is significantly less than the \$9,260,187.00 required by the NRC since the NRC is not giving credit for completion of groundwater sweep, completion of reverse osmosis treatment and completion of stabilization monitoring. The NRC required bond total is \$9,260,187.00.

The current bond for Permit No. 478 is Bond No. NR0034900 written by the HSBC Bank, USA in the amount of \$10,369,238.00.

COGEMA may reduce its bond coverage to the NRC-required \$9,260,187.00 level, but this amount would provide no coverage for any additional disturbances if the decision to resume operations in 2007 is made.

Conclusions

Review of the 2005-2006 Annual Report for Permit No. 478 found that groundwater restoration has been completed at Irigaray and accepted by both the WDEQ and the NRC. Groundwater restoration has been completed at the Christensen Ranch operations. The Report supplies adequate information in nearly all areas.

Review of the bond estimate found it acceptable. A significant reduction would be possible, but a reduction is complicated by the facts that the NRC requires a greater amount and that additional bond coverage will be required in the event that mining operations resume in 2007.

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