



August 20, 2007

U. S. Nuclear Regulatory Commission
ATTN: Document Control Desk
Washington, DC 20555-0001

Re: **Reply to a Notice of Violation**
Source Material License SUA-1341, Docket Number 40-8502

Dear Sirs:

The following responses address two Severity Level IV violations identified during the June 26-28, 2007 NRC inspection of the Irigaray and Christensen Ranch uranium recovery facilities and as noted in the NRC correspondence to COGEMA Mining, Inc. (CMI) dated July 27, 2007.

Violation A. License Condition 10.5 requires, in part, that the annual yellowcake production shall not exceed 50,000 pounds.

Contrary to the above, in calendar year 2005, the licensee produced a total of 178,274 pounds of yellowcake.

- 1) Reason for the violation: While CMI acknowledges that the total pounds of yellowcake that were dried and barreled in 2005 exceeded the 50,000 pound annual limit, we feel there is a legitimate issue concerning how one defines a produced pound of yellowcake. Operations at the two sites were exclusively devoted to restoration beginning in July, 2000. The dryer was operated for a brief period in 2001, but not during the interval 2002 – 2004. During that three year period restoration operations proceeded uninterrupted with yellowcake slurry being captured in the precipitation circuit. Despite the lack of dryer operation during those three years, clearly there was uranium production occurring. CMI elected to operate the dryer during one campaign in 2005 at the conclusion of restoration operations, drying the accumulated production for 2002 – 2005. Applying the concept of captured pounds in the precipitation circuit as production, the average annual production for calendar years 2002 – 2005 is 44,569 pounds. On that basis CMI felt comfortable with the concept of a single dryer run at the conclusion of restoration. The single dryer run at the conclusion of restoration was more efficient, did not cause an

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increase in overall stack emissions for the four years, and avoided the potential occurrence of additional employee radiation exposures attendant to the inevitable dryer maintenance activities that would be required prior to multiple dryer startups.

- 2) Corrective steps taken and results achieved: Aquifer restoration has been completed with no further uranium production occurring under the current license. CMI has requested the amendment of the license to permit the resumption of production at the sites with an annual production limit of 2.5 million pounds yellowcake.
- 3) Corrective steps that will be taken to avoid further violations: During anticipated normal production it is unlikely that the operationally licensed production limit would be exceeded. However, an operational SOP will be developed that provides routine production tracking to assure the annual operational production limit is not exceeded. CMI anticipates that the licensed annual production limit will only be an issue of concern when the license reverts again to a solely restoration/decommissioning mode with a much lower annual production limit. Prior to re-entering an exclusive restoration operation, CMI will seek clarification in the license of the definition of annual yellowcake production. The operational SOP will then be appropriately modified to assure the restoration production is under the licensed annual limit as clarified.
- 4) Date when full compliance will be achieved: August 20, 2007.

Violation B. License Condition 9.7 requires, in part, that the licensee's approved waste disposal agreement must be maintained on site and, in the event the agreement expires or is terminated, the licensee shall notify the NRC in writing within 7 days after the date of expiration or termination.

Contrary to the above, the licensee failed to notify the NRC as required following the December 31, 2006, expiration of the approved waste disposal agreement with Pathfinder Mines Corporation, Shirley Basin Mine, Wyoming.

- 1) Reason for the violation: The violation occurred due to a management oversight. Since CMI and Pathfinder Mines Corporation (PMC) are both subsidiaries of the same firm (AREVA), the oversight had no impact upon the availability of disposal services for CMI at PMC's Shirley Basin Mine.
- 2) Corrective steps taken and results achieved: Upon revelation of the expired waste disposal agreement, CMI and PMC executed a replacement agreement dated July 20, 2007. The replacement agreement was submitted to the NRC for approval (under separate cover) on August 20, 2007.
- 3) Corrective steps that will be taken to avoid further violations: The Irigaray/Christensen Ranch SOP concerning ISL waste shipment will be modified to include reference to the expiration date of the disposal agreement. This will provide an annual mechanism to note the expiration date and to renew the agreement prior to expiration.
- 4) Date when full compliance will be achieved: August 20, 2007.

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Please call me if there are any questions regarding this reply.

Sincerely,

A handwritten signature in black ink that reads "Tom Hardgrove". The signature is written in a cursive, flowing style.

Tom Hardgrove
Manager, Environmental and Regulatory Affairs

cc: D. Blair Spitzberg, USNRC Region IV
LeRoy Feusner, WDEQ SHWD
Bob Giurgevich, WDEQ LQD
B. Bonifas, CMI