

March 12, 2009

Ms. Krista Wenzel  
Manager of Environment, Health and Safety  
Cameco Resources/Power Resources, Inc.  
Smith Ranch – Highland Uranium Project  
P.O. Box 1210  
Glenrock, WY 82637

SUBJECT: LICENSE AMENDMENT NO. 14, 2008 SURETY UPDATE FOR THE GAS HILLS SATELLITE FACILITY, POWER RESOURCES, INC., SOURCE MATERIALS LICENSE SUA-1548 (TAC J00571)

Dear Ms. Wenzel:

By letter dated August 12, 2008, Power Resources Inc. (PRI), doing business as Cameco Resources, submitted its 2008 surety update for the Gas Hills satellite facility to U.S. Nuclear Regulatory Commission (NRC) staff. PRI submitted a clarification to the original submittal on January 17, 2009. This surety update seeks to increase the 2008 surety amount by \$986,000 to \$4,054,800. Note that this surety update is only for the Gas Hills satellite facility. A separate review will be performed for the annual surety update for the main Smith Ranch – Highland facility.

The Gas Hills satellite is currently in standby status; there are no active uranium recovery operations at the facility. This revised surety reflects the activities that are tentatively planned for 2009, including installation of the Mine Unit 1 monitoring well ring, installation of interior monitoring wells within Mine Unit 1, upgrades to site infrastructure, and exploration drilling to further delineate the ore body. The surety also reflects general cost increases that have occurred since the last update.

NRC staff reviewed the proposed changes and has determined that they are consistent with the site conditions. The surety contains reasonable unit costs for the activities that are tentatively planned for 2009. The surety estimate includes administrative, overhead, and contingency items that will provide a total surety amount that is sufficient for an independent contractor to complete the required reclamation activities.

Therefore, NRC staff is approving the new surety amount of \$4,054,800. In addition to this letter, you will find License Amendment No. 14 (Enclosure). This License Amendment includes the proposed update to License Condition 9.5 as follows.

*The licensee shall continuously maintain an NRC-approved surety instrument for the current non-operational Gas Hills Project facility in the amount of no less than \$4,054,800 in favor of the State of Wyoming, for the purpose of complying with 10 CFR 40, Appendix A, Criterion 9, until a replacement is authorized by both the State of Wyoming and the NRC.*

Note that the License Conditions in Section 10.3 of NRC license SUA-1548 are required to be addressed prior to the onset of construction or commercial in situ recovery activities at the site.

This licensing action meets the categorical exclusion provision for surety changes in 10 CFR Part 51.22(c)(10)(i). Therefore, no further environmental review is required for this action. If you have any questions, please contact Douglas Mandeville, Project Manager, at 301-415-0724 or, by email at [douglas.mandeville@nrc.gov](mailto:douglas.mandeville@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 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/**

Keith I. McConnell, Deputy Director  
Decommissioning and Uranium Recovery  
Licensing Directorate  
Division of Waste Management  
and Environmental Protection  
Office of Federal and State Materials  
and Environmental Management Programs

Docket No.: 40-8964  
License No.: SUA-1548

Enclosure: License Amendment No. 14

cc: Scott Bakken, Cameco  
Pam Rothwell, WDEQ  
Mark Moxley, WDEQ

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Sincerely,

Keith I. McConnell, Deputy Director  
Decommissioning and Uranium Recovery  
Licensing Directorate  
Division of Waste Management  
and Environmental Protection  
Office of Federal and State Materials  
and Environmental Management Programs

Docket No.: 40-8964  
License No.: SUA-1548

Enclosures: License Amendment No. 14

cc: Scott Bakken, Cameco  
Pam Rothwell, WDEQ  
Mark Moxley, WDEQ

**(CLOSES TAC J00571)**

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