



UNITED STATES
NUCLEAR REGULATORY COMMISSION

WASHINGTON, D.C. 20555-0001

September 20, 1999

U.S. Energy Corporation
ATTN: Mr. Fred Craft
877 North 8th West
Riverton, Wyoming 82501

SUBJECT: REQUEST FOR DELAY IN INITIATION OF DECOMMISSIONING
LICENSE SUA-1524

Dear Mr. Craft:

The U.S. Nuclear Regulatory Commission (NRC) staff has completed its review of U.S. Energy Corporation's (U.S. Energy's) request, dated July 26, 1999, that the decommissioning initiation requirements of 10 CFR 40.42(d) be delayed by 5 years for the Green Mountain Ion Exchange (GMIX) facility. Under the provisions of 10 CFR 40.42(f), the NRC may grant a request to delay or postpone initiation of the decommissioning process if it determines that such relief is not detrimental to the public health and safety and is, otherwise, in the public interest.

Based on its review, the NRC staff considers U.S. Energy's request for a 5-year postponement to be acceptable. For the reasons given below, the staff determined that the relief is not detrimental to the public health and safety and is otherwise in the public interest.

1. Public health and safety/maintenance of the facility

The uranium recovery (ion exchange) activities at the GMIX facility ceased in 1987. U.S. Energy acquired the facility in 1988, and the NRC granted a "Possession Only" source material license to U.S. Energy on August 16, 1988. U.S. Energy continues to hold a "Possession Only" license and has not operated the facility since its purchase. Based on NRC staff observations during site visits and inspections, the site and facility equipment have been and continue to be maintained in good condition. Radiological and monitoring requirements have been met as prescribed in the license (Effluent and Environmental Monitoring Report, August 10, 1999), and reporting by the licensee has been timely. Access to the facility is restricted by fences with locked gates, and the building is locked. No detrimental impacts to the public health or safety or to the environment have been identified.

2. Record of regulatory compliance

During the last 5 years, one violation was noted (1996) for failure to document two water samples. The licensee promptly addressed this concern to the satisfaction of the NRC staff.

3. Surety in place

As required under Criterion 9 of Appendix A to 10 CFR Part 40, decommissioning and reclamation (no disposal cell at the site) costs for the site are covered by a surety instrument that is reviewed annually by the NRC. This annual review is a basis by which the NRC ensures that the licensee's surety is adequate. The surety anniversary date for the site is November 15 and the review of the annual update is in progress.

4. "...in the public interest."

The site is covered by an adequate surety (see 3, above); therefore, the public interest in continued health and safety is protected from a financial default that could preclude decommissioning of the site. In addition, existing statutes oblige the Secretary of Energy to have a "...continuing responsibility..." for the domestic uranium mining industry, "...to encourage use of domestic uranium." See 42 USC §§2201b and 2296b-3. The NRC recognizes: (1) that the viability of the industry is a Federal concern; (2) that there is a public interest in the uranium supply; and (3) that this factor may be meaningful where the licensee has actively maintained the uranium recovery facility. U.S. Energy indicated that it expects the market to allow its uranium mines to operate in the future, and it maintains these assets in a standby status so as to be ready to operate when the uranium market so justifies. The mine water pumps are maintained and checked daily. The near-by Sweetwater uranium mill recently obtained a license for renewed operation and will obtain ore from U.S. Energy's mines. For the mines to operate, the GMIX facility needs to process the mine waters before discharge. In addition, the GMIX facility could be used in an in-situ leach uranium operation. The licensee's evaluation indicates that there are areas where such mining could apply.

5. Request submittal

As required, the request to delay the start of decommissioning was submitted no later than 30 days before notification pursuant to paragraph (d) of §40.42. The previous request for a delay was granted August 26, 1996, for a 3-year period.

If you have any questions concerning this action, please contact the project manager for your site, Elaine Brummett, at 301-415-6606.

Sincerely,

[Signed by]

John J. Surmeier, Chief
Uranium Recovery and
Low-Level Waste Branch
Division of Waste Management
Office of Nuclear Material Safety
and Safeguards

cc: M. Moxley, WY DEQ

Docket No. 40-8971
TAC closed: L51834

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4. "...in the public interest."

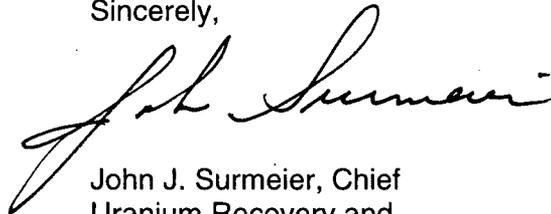
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