

June 22, 2010

Mr. Jon Winter
Manager, Wyoming Environmental
and Regulatory Affairs
Uranium One Americas, Inc.
907 N. Poplar Street, Suite 260
Casper, WY 82601

SUBJECT: COGEMA MINING, INC., IRIGARAY AND CHRISTENSEN RANCH PROJECT,
CAMPBELL AND JOHNSON COUNTIES, WYOMING, SOURCE MATERIALS
LICENSE SUA-1341, AMENDMENT NO. 16 - ANNUAL SURETY ESTIMATE
ADJUSTMENT (TAC NO. J00605)

Dear Mr. Winter:

By letter dated September 22, 2009, Cogema Mining Inc., (Cogema) submitted its annual surety update for the Irigaray and Christensen Ranch Project for the U.S. Nuclear Regulatory Commission's (NRC) review and approval. The surety update package was made publicly available in NRC's Agencywide Documents Access and Management System (ADAMS) on September 30, 2009 (ADAMS Package ML092730438). The surety estimate was accepted for review on October 16, 2009. On November 20, 2009, NRC issued a request for additional information (RAI) to Cogema for the surety update. On December 29, Cogema requested an extension until January 29, 2010, to respond. In an e-mail dated January 9, 2010, NRC approved the request. On January 25, 2010, Uranium One Exploration U.S.A. Inc. (Uranium One) completed the purchase of Cogema as was approved by the NRC on December 17, 2009. On February 19, 2010, NRC staff inquired, in an e-mail to Uranium One, as to the status of the response to RAIs. Uranium One responded, in an e-mail on February 23, 2010, that it expected to respond by March 15. On April 22, 2010, Uranium One responded to RAIs.

The NRC staff reviewed the surety update estimate per Criteria 9 and 10 of 10 CFR Part 40, Appendix A, which requires the licensee to supply sufficient information to the NRC staff to verify that the amount provided by the financial assurance will permit the completion of all decontamination and reclamation of the site. Additionally, the surety estimate must be based on the completion of all decommissioning and reclamation activities by a third party, and must be updated annually. NRC staff also utilized guidance in NUREG-1569, "Standard Review Plan for In-Situ Leach Uranium Extraction License Applications," to complete this review. NRC staff reviewed the supporting assumptions and spreadsheets provided in the submittal.

Uranium One's updated surety of \$9,828,099 represents an \$113,800 increase from the previously approved surety of \$9,714,299 in License Amendment 15 and a \$252,401 increase over its September 22, 2009, estimate of \$9,575,698. The increase in surety was due to an adjustment for inflation, an increase in labor costs calculated to complete groundwater restoration, if additional restoration is required, and an increase in the number of stability monitoring sampling events. Uranium One used 5 pore volumes in the surety calculation for restoration. In its License Renewal Application, dated May 2008, Revision dated July 2009 (ADAMS ML092110692), Uranium One proposed the use of 10 pore volumes for restoration as a result of a groundwater

restoration report submitted to the NRC that showed, on average, 10 pore volumes were needed for restoration in Christensen Ranch mine units 2-6. Uranium One stated, in its April 22, 2010, response to RAIs, that groundwater restoration has already occurred at mine units 2-6 and a restoration report is pending review of both the Wyoming Department of Environmental Quality and the NRC. If additional restoration is required, Uranium One stated that the 5 pore volumes would likely be enough to complete restoration. Uranium One has agreed that 10 pore volumes will be used for newly developed mine units. NRC staff accepts this rationale for not increasing the pore volume surety amount at this time from 5 pore volumes to 10 pore volumes. Staff notes that an increase in pore volumes may be required in the surety in the future for one or more of the mine units 2-6, if restoration is deemed not complete and analysis indicates additional pore volumes are necessary.

On September 30, 2008, Cogema was granted approval to change from restoration and decommissioning status to an operating (uranium production) status. The approval letter stipulated that Cogema is required to update its surety estimate prior to startup of operations to reflect decommissioning costs based on the operational status of the facility. In its letter dated September 11, 2008, Cogema confirmed its commitment to update its surety before a resumption of operations by stating, "Prior to any future startup of operations, Cogema will request an increase in the surety to reflect restoration costs attendant to a resumption of operations." This surety estimate update does not meet that requirement, as it only updates the surety based on inflation and a few minor corrections in the values used in the calculation. Uranium One agreed to all the conditions associated with License SUA-1341 when it purchased Cogema, and will be required to update the surety estimate prior to startup of operations (lixiviant injection and active uranium recovery) to reflect decommissioning costs based on the operational status of the facility.

In its April 22, 2010, response to surety RAI, Uranium One requested that the current surety adjustment be deferred until August 2010. The primary basis for this request is the cost to replace the surety instrument for an approximate three-month period (License Condition 9.5 requires an annual update to the surety amount shall be provided to the NRC by August 18 of each year). NRC staff notes that while the surety adjustment is required each year on August 18, the NRC surety adjustment review, licensee response to RAIs, if required, and the time to approve a surety, may take several months. The next surety update and surety instrument almost certainly will not be approved in August 2010, but several months afterward, so the updated surety instrument would likely be utilized for more than three months. For this reason, the NRC denies this deferral request.

The NRC approves the revised surety in the amount of \$9,828,099, which represents an \$113,800 increase from the previously approved surety of \$9,714,299 in License Amendment 15 and a \$252,401 increase over the September 22, 2009, estimate of \$9,575,698. Based on the staff's review, Uranium One has provided adequate justification for the current surety estimate. Therefore, the surety amount in License Condition 9.5 is revised and License Amendment No. 16 is enclosed.

This licensing action meets the categorical exclusion provision for surety changes in 10 CFR Part 51.22(c)(10)(i). Therefore, this amendment does not require either an environmental assessment or an environmental impact statement.

If you have any questions regarding this letter, or the enclosure, please contact Mr. Ron C. Linton, Project Manager, at (301) 415-7777, or at ron.linton@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 ADAMS. ADAMS is accessible from the NRC Web site at <http://www.nrc.gov/NRC/reading-rm/adams.html>.

Sincerely,

/RA/ by BVonTill for

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.: 040-08502
License No.: SUA-1341

Enclosure: License Amendment No. 16

cc: G. Mooney (WYDEQ)

J. Winter

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(CLOSES TAC J00605)

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