

October 6, 2010

Ms. Donna Wichers
Senior Vice President, ISR Operations
Uranium One Americas, Inc.
907 N. Poplar Street, Suite 260
Casper, WY 82601

SUBJECT: REQUEST FOR ADDITIONAL INFORMATION, APPLICATION FOR CHANGE OF CONTROL, URANIUM ONE USA, INC., IRIGARAY AND CHRISTENSEN RANCH IN SITU URANIUM RECOVERY PROJECT, SOURCE MATERIAL LICENSE SUA-1341 (TAC J00624)

Dear Ms. Wichers:

By letter to the U.S. Nuclear Regulatory Commission (NRC) dated July 20, 2010, Uranium One USA, Inc., applied for an Indirect Change of Control for Source Materials License SUA-1341 to JSC Atomredmetzoloto. This application for change of control of the NRC license is subject to consent by NRC in accordance with requirements of 10 CFR 40.46. NRC staff accepted the application for technical review on August 5, 2010.

NRC staff has initiated a detailed technical review of Uranium One, USA, Inc.'s application. However, the staff requires additional information from Uranium One USA, Inc. and JSC Atomredmetzoloto in order to complete the assessment of the application. The request for additional information is provided in the enclosure. Within 30 days, please either provide the information requested or inform us of the date you expect to provide the information. We are available to meet with you to discuss the requested information.

If you have any questions concerning this letter, please contact me, either by telephone at (301) 415-7777, or by e-mail at ron.linton@nrc.gov.

D. Wichers

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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 document system (ADAMS). ADAMS is accessible from the NRC Web site at <http://www.nrc.gov/reading-rm/adams.html>.

Sincerely,

/RA/

Ron C. Linton, Project Manager
Uranium Recovery Licensing Branch
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:

Request for Additional Information

cc: Glenn Mooney (WDEQ)
Don McKenzie (WDEQ)

D. Wichers

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**Uranium One USA, Inc. Indirect License Transfer
Request for Additional Information (RAI)**

RAI 1: (a) Provide a corporate organizational chart before and after the transaction is completed, listing all corporate entities. (10 CFR 40.46)

(b) Revise the corporate organizational charts to list all corporate entities and to clearly describe the relationship of Rosatom to Uranium One, Inc.

Basis: In Section II, "Change of Control Requirements," Part A, "Description of Transaction," Subpart 3, "Uranium One U.S. Licenses and Facilities," of the applicant's cover letter, the applicant states that "[t]he transaction does not provide for or anticipate any changes to Uranium One Subsidiaries in the United States...."

A corporate organizational chart of Uranium One is provided in Exhibit 6, and a corporate organizational chart of Rosatom is provided in Exhibit 15. The application did provide corporate organizational charts; however, they appear to be simplified. Exhibit 9, "ARMZ Annual Report and Combined and Consolidated Financial Statement," pages 65 and 66, list numerous subsidiaries and affiliates of ARMZ. Additionally, a chart describing Rosatom and its relation to Uranium One, Inc. after the transaction is not provided.

RAI 2: Discuss and provide evidence that the letter of credit will remain valid and enforceable if the transaction is approved.

Basis: NRC License SUA-1341, License Condition (LC) 9.5, states that "[t]he licensee shall maintain an NRC-approved financial surety arrangement, consistent with 10 CFR 40, Appendix A, Criterion 9, adequate to cover the estimated costs, if accomplished by a third party, for decommissioning and decontamination, offsite disposal of radioactive solid process or evaporation pond residues, and ground-water restoration as warranted. The surety shall also include the costs associated with all soil and water sampling analyses necessary to confirm the accomplishment of decontamination."

From the submittal, it is unclear if the Letter of Credit will remain valid and enforceable if the transaction takes place. Further, it is unclear whether the financial institution confirmed that the letter of credit will not be impacted or subject to any default which could be triggered by the transaction and/or changes in ownership.

RAI 3: Describe the relationship between Rosatom, ARMZ and Uranium One USA, Inc. with regard to Uranium One USA, Inc.'s decommissioning liabilities. (10 CFR 40.46)

Basis: Exhibit 4 of the submittal states that "[o]n completion of the transaction, AMRZ will own not less than 51% of the Company's [Uranium One, Inc.'s] outstanding common shares." From the submittal, it is unclear whether ARMZ and/or its parent company(ies) is(are) jointly and severally liable for all, or a *prorata* share, of Uranium One USA, Inc.'s decommissioning liability in excess of the financial instrument relied on as financial assurance for decommissioning.

RAI 4: Provide two years of audited financial statements and five years of *pro-forma* financial statements, or equivalent information, for ARMZ, prepared in accordance with United States Generally Accepted Accounting Principles (10 CFR 40.46).

Basis: To ascertain whether ARMZ will remain a going concern, consistent with RIS 2008-19 and the previous change of control action for SUA-1341, five years of *pro forma* financial statements (balance sheets and cash flow statements) -- or other financial data or information that would provide an equivalent level of assurance with regard to ARMZ remaining a going concern -- prepared in accordance with U.S. Generally Accepted Accounting Principles (U.S. GAAP) are needed. Additionally, while Uranium One USA submitted financial statements for ARMZ, they are not prepared in accordance with U.S. GAAP. Uranium One USA may request that the NRC withhold the ARMZ information from public disclosure under 10 CFR 2.390, provided that the application includes an appropriate affidavit and is otherwise compliant with 10 CFR 2.390.

RAI 5: (a) Discuss whether Uranium One intends to apply for an export license. If so, please indicate that Uranium One understands that a separate export license is required subject to 10 CFR Part 110.

(b) Clarify the membership of the Korean Consortium.

Basis: An excerpt from Exhibit 2 states: "ARMZ has also agreed to assist Uranium One in the opening of accounts with Russian uranium converters and to use Russian uranium conversion and enrichment facilities for the benefit of Uranium One's customers..." It appears that Uranium One may intend to export licensed material in the future and an export license would be necessary to do so.

Exhibit 9, "ARMZ Annual Report and Combined and Consolidated Financial Statement," page 13, states:

Memorandum of Understanding on Strategic Cooperation in Uranium Deposit Development is signed with the Korean Consortium

RAI 6: Based on the citations below, discuss how an approval of an indirect change of control would be consistent with the *Atomic Energy Act of 1954, as Amended* (AEA), and would not be inimical to safety and security. (Atomic Energy Act of 1954, as amended, Section 69; 10 CFR 40.32(d)).

Basis: Section 69 of the AEA, "Prohibition," states that:

The Commission shall not license any person to transfer or deliver, receive possession of or title to . . . any source material if, in the opinion

of the Commission, the issuance of a license to such a person for such purpose would be inimical to the common defense and security or the health and safety of the public.

Upon consummation, the proposed transaction would vest ultimate controlling interest of Uranium One USA, Inc. and Uranium One Americas, the current license holders of two NRC licenses, in ARMZ. An excerpt from Section II, "Change of Control Requirements," Part A, "Description of Transaction," Subpart 4, "Description of ARMZ," of the applicant's cover letter, the applicant states that:

ARMZ is directly and indirectly owned by ... Rosatom...an organization ...broadly divided into a "Nuclear Weapons Complex" and an "Atomic Energy Industrial Complex...."

Next, Exhibit 12, Law on Rosatom, Article 4, Paragraph 4, states:

The Corporation [Rosatom] jointly with the Ministry of Defence of the Russian Federation and nuclear military units of the Armed Forces of the Russian Federation shall ensure maintenance and development of the battle reserve of the Armed Forces of the Russian Federation, as regards its quantity and quality, at the level which is sufficient for implementation of the Russian Federation's nuclear deterrence policy.

Further, Article 7, Paragraph 18, states that Rosatom:

[S]hall licence [sic] the activities of organisations relating to the use of nuclear materials and radioactive substances while carrying out the works relating to atomic energy use for defence purposes, including the development, production, testing, transportation (carriage), operation, storage, liquidation and utilization of nuclear weapons and nuclear power plants of military purpose.

Lastly, Article 15, Paragraph 34, states that Rosatom is "entitled to ... the following kinds of activities":

[D]evelopment, testing, production, disassembly and utilization of nuclear ammunition and nuclear devices....

RAI 7: (a) State which party or parties would ultimately have indirect control over NRC License SUA-1341 (10 CFR 40.46) if the transaction is approved.

(b) State whether the party or parties who would have indirect control over the NRC license could have the ability to exert direct control over the NRC license. If so, state the process through which this could occur.

Basis: NUREG-1556, Volume 15, Appendix F, states:

Control of a license is in the hands of the person or persons who are empowered to decide when and how that license will be used. That control is to be found in the person or persons who, because of ownership or authority explicitly delegated by the owners, possess the power to determine corporate policy and thus the direction of the activities under the license.

Under this definition, the ultimate parent company generally has the power to determine corporate policy and therefore would be able to direct the activities under the license. Under Uranium One, Inc.'s current corporate structure, Uranium One, Inc. ultimately has such power.

Relying on the submitted materials, if the change of control is approved, Rosatom would have the power to determine corporate policy and therefore could direct activities under the license. In furtherance, Law on Rosatom Article 3, "[Rosatom's] Legal Status," states that Rosatom is a "state-run corporation," and that "[Rosatom's] status, aims of establishment and activities, functions and powers shall be defined by this Federal Law and regulatory legal acts of the President...and the Government of the Russian Federation."

Furthermore, Law on Rosatom Article 5, "The Scope of Authority of the President of the Russian Federation and the Government of the Russian Federation in Respect of [Rosatom]," broadly defines the authority of President and the Government of the Russian Federation over Rosatom.

Lastly, the Auditor's Report to the December, 31 2008, financial statements in Exhibit 9 states that: "[t]he Government of the Russian Federation has an ultimate controlling interest in the Group and Governmental economic and social policies affect the Group's financial position, results of operation and cash flows."

With regard to the NRC license, all the above implies that the Russian President and the Government of the Russian Federation have the power to direct corporate policy and therefore direct activities under the NRC license and license applications, if approved, in review.

RAI 8: Confirm that Uranium One, Inc. understands that it is required to appropriately notify NRC in advance of changes to corporate lineage. (10 CFR 40.36)

Basis: In Section II, "Change of Control Requirements," Part B, states that "Uranium One does not anticipate any changes to Uranium One subsidiaries..."

Changes to Uranium One, Inc.'s subsidiaries may result in a change of control in addition to the proposed change of control related to the financial transaction between ARMZ and Uranium One, Inc. Confirm that Uranium One, Inc. understands that

changes to Uranium One, Inc.'s subsidiaries would need to be reviewed and approved by NRC well in advance of proposed changes to the corporate lineage.

RAI 9: Confirm that ARMZ and Rosatom commit to abide by Uranium One, Inc.'s commitments. (10 CFR 40.36)

Basis: Since ARMZ and Rosatom would have indirect control over the licensee, revise Section II, "Change of Control Requirements," Part F to state that ARMZ and Rosatom commit to Uranium One, Inc.'s commitments (e.g., as stated in NUREG-1556 Volume 15, commitment to abide by all constraints, license conditions, requirements, representations, and commitments identified in and attributed to the existing license).

RAI 10: State whether an accounting concern, resulting in the issuance of a qualified opinion on ARMZ's financial statements, was resolved (10 CFR 40.36).

Basis: Exhibit 9, "ARMZ Annual Report and Combined and Consolidated Financial Statements," page 107, states that the auditor of ARMZ's financial statements issued "a qualified opinion with respect to the 2007 accounting statements" because of a "violation of the existing accounting policies..." The resolution of this issue has not been discussed in the application.

RAI 11: State whether the ARMZ charter is duplicated in Exhibit 11.

Basis: Exhibit 11, "ARMZ Charter," appears to have two copies of the ARMZ charter. Whether these two versions are identical or are different in the application is not clear.