
From: Linton, Ron
Sent: Monday, October 18, 2010 9:04 AM
To: Garrett, Betty
Subject: FW: Heres the address check
Attachments: RE: Heres the address check

For ADAMS 040-08502, public

Received: from HQCLSTR01.nrc.gov ([148.184.44.76]) by OWMS01.nrc.gov
([148.184.100.43]) with mapi; Mon, 18 Oct 2010 09:05:14 -0400

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Content-Transfer-Encoding: binary

From: "Linton, Ron" <Ron.Linton@nrc.gov>

To: "Garrett, Betty" <Betty.Garrett@nrc.gov>

Date: Mon, 18 Oct 2010 09:04:26 -0400

Subject: FW: Heres the address check

Thread-Topic: Heres the address check

Thread-Index: Actrlr+UQRNslGtYRVGL/B/NrvXK0QBWpqDAAJHjRdA=

Message-ID:

<BE1CC4A72435624D84F8699734202B3E2551ED305D

@HQCLSTR01.nrc.gov>

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X-MS-TNEF-Correlator:

<BE1CC4A72435624D84F8699734202B3E2551ED305D

@HQCLSTR01.nrc.gov>

MIME-Version: 1.0

From: Cultural Resources Department [mailto:cultres@nemontel.net]

Sent: Wednesday, October 13, 2010 6:05 PM

To: Linton, Ron

Subject: Heres the address check

Ron, it was good talking with you today. To list a few of our discussion topics:

- Per our conversation today, the complexity in measuring this project's harm and its impact develops from the issue of inadequate information and research from lead agencies. It can also be argued that many energy companies lobby for protective legislation which creates difficulties in measuring accurately the impacts created by their undertaking.
- I believe tribes need greater understanding regarding the trend to replace political boundaries under lease buyouts. This form of policy can lead to a breakdown of accountability to the tribes.
- Like I said, the cost of Tribal Consultation can be included in the cost of the project. We don't need a foreign nation to breach the American system of federalism, and raid our treasury.
- The discussion of assurances is that tribes find it necessary to understand and enforce the role of public officials in these undertakings to administer government in a manner that protects our liberties and ensures equal justice. It seems that we have to exercise our freedom more than anyone else.
- The tribes need a comprehensive preservation policy from the U.S. Nuclear Regulatory Commission (NRC) that is rooted in consultation efficiency and conservation. This could be an ICRMP or PA.

Later

Curley

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

2

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,

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)

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OFC	DWMEP/DURLD	DWMEP/DURLD	DWMEP/DURLD	DWMEP/DURLD
NAME	RLinton	BGarrett	RPrzygodzki	KKline
DATE	9/ 9 /10	9/ 9 /10	9/10 /10	9/10/10
OFC	DWMEP/DURLD	OGC	DWMEP/DURLD	
NAME	BVonTill	TStokes via e-mail	RLinton	
DATE	10/6/10	10/ 6 /10	10/ 6/10	

OFFICIAL RECORD COPY

**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: "AMRZ 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.

Garrett, Betty

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Sent: Monday, October 18, 2010 9:04 AM
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For ADAMS 040-08502, public

Garrett, Betty

From: Linton, Ron
Sent: Friday, October 15, 2010 1:05 PM
To: 'Cultural Resources Department'
Cc: VonTill, Bill; Moore, Johari; Stokes, Tracey; Olmstead, Joan; Turtill, Richard; Maier, Bill; Easson, Stuart; Bjornsen, Alan
Subject: RE: Heres the address check
Attachments: Uranium One USA, Inc. LA 17 ML1019005190.pdf; RAI's U1-ARMZ COC ML1025104940.pdf; IR-CR license area map ML0818507092.pdf

Curley:

Nice to speak with you Wednesday. As we discussed in our phone conversation, I'm sending you some additional information about the Irigaray/Christensen Ranch site. The processing site (Irigaray) lies approximately 5-6 miles west of North Butte of the Pumpkin Buttes in WY. However, the Christensen Ranch satellite site is much closer, and some of the well fields are within 1-2 miles of North Butte. I forgot about the well fields being so close to North Butte. I've attached a map of the site that shows it in relation to North Butte.

Also attached is the current license, amendment 17, that the Irigaray/Christensen Ranch uranium recovery site is operating under. Note that License Condition 9.9 does not allow for any disturbance of land that has not been previously accessed. If they do find a archeological site that has not been previously accessed, they must cease work and contact us, and it would be our responsibility to contact appropriate individual(s), such as WY SHPO and Tribal governments.

I have included the NRC's Request for Additional information related to the sale of this site (change of control). RAI 9 requests that the potential new owners put in writing their understanding that they have to abide by all the commitments, and the license, as agreed to by the current licensee, Uranium One. We had discussed this Wednesday that the potential new owners would have to abide by earlier commitments made by Uranium One.

We are currently in the process of renewing this license with the current owner (licensee) and this process will continue after the sale, if it goes forward. The licensee has not requested any changes in their development plans that have not already been accessed in the past. The license renewal process is separate from the sale (change of control). If you would like further information on the renewal process, let me know and we can further discuss.

I have discussed with my supervisor your suggestion of a meeting and further discussion of the in situ uranium recovery technique used by industry. The in situ uranium recovery technique and a discussion of the site is too complex and long to put in this e-mail. I'd like to further discuss with you the best way to go about this, be it a conference call we could set up in a month or so, or a meeting in MT or WY, which would take more time to put together and get approved by management.

Again, nice speak with you Wednesday.

Ron

Ron C. Linton
Project Manager/Hydrogeologist
Office of Federal and State Materials
and Environmental Management Programs
U.S. Nuclear Regulatory Commission
Mailstop T8F5
Washington, DC 20555
301-415-7777
ron.linton@nrc.gov

U.S. NUCLEAR REGULATORY COMMISSION

MATERIALS LICENSE

Pursuant to the Atomic Energy Act of 1954, as amended, the Energy Reorganization Act of 1974 (Public Law 93-438), and the applicable parts of Title 10, Code of Federal Regulations, Chapter I, Parts 19, 20, 30, 31, 32, 33, 34, 35, 36, 39, 40, 70, and 71, and in reliance on statements and representations heretofore made by the licensee, a license is hereby issued authorizing the licensee to receive, acquire, possess, and transfer byproduct, source, and special nuclear material designated below; to use such material for the purpose(s) and at the place(s) designated below; to deliver or transfer such material to persons authorized to receive it in accordance with the regulations of the applicable Part(s). This license shall be deemed to contain the conditions specified in Section 183 of the Atomic Energy Act of 1954, as amended, and is subject to all applicable rules, regulations, and orders of the Nuclear Regulatory Commission now or hereafter in effect and to any conditions specified below.

Licensee		
1. Uranium One USA, Inc.		3. License Number SUA-1341, Amendment No. 17
2. 907 N. Poplar Street, Suite 260 Casper, Wyoming 82601		4. Expiration Date Until terminated or renewed
		5. Docket No. 40-8502 Reference No.
6. Byproduct Source, and/or Special Nuclear Material	7. Chemical and/or Physical Form	8. Maximum amount that Licensee May Possess at Any One Time Under This License
Uranium and 11e.(2) byproduct	Unspecified	Unlimited

SECTION 9: Administrative Conditions

- 9.1 The authorized place of use shall be the licensee's Irigaray and Christensen Ranch Satellite facilities in Johnson and Campbell Counties, Wyoming.
- 9.2 All written notices and reports to the Nuclear Regulatory Commission (NRC) required under this license, shall be sent to the following address: ATTN: Document Control Desk, 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, Washington, DC 20555-0001, Mail Stop T-8-F5, or by express delivery to 11545 Rockville Pike, Rockville, Maryland 20852-2738.

Required telephone notification shall be made to the NRC Operations Center at (301) 816-5100, unless otherwise specified in license conditions.

[Applicable Amendments: 4, 12]

- 9.3 The licensee shall conduct operations in accordance with the commitments, representations, and statements contained in the January 5, 1996, license renewal application submittal as revised by the September 3, 1997, "Responses to NRC Comments on the License Renewal Application for Source Materials License SUA-1341," and as supplemented by the December 13, 1996, submittal, requesting a performance based license condition for approval of the startup of new well fields, including standard operating procedures, and hereinafter referred to as the "approved license application." The approved license application is hereby incorporated by reference except where superseded by license conditions below.

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SUPPLEMENTARY SHEET**License Number
SUA-1341Docket or Reference Number
40-8502

Amendment No. 17

The land and structures will be decommissioned according to the Decommissioning Plan submitted December 19, 2000, as revised by submittals dated June 15, June 18, and August 31, 2001 and in accordance with 10 CFR 40.42. Whenever the word "will" is used in the above referenced documents, it shall denote a requirement.

[Applicable Amendments: 4, 6, 13]

9.4 Performance Based License Condition

- a) The licensee may, without obtaining a license amendment pursuant to §40.44, and subject to conditions specified in Part b of this condition:

Make changes in the facility as described in the license application (as updated);

- (i) Make changes in the procedures as described in the license application (as updated); and
- (ii) Conduct tests or experiments not described in the license application (as updated).

- b) The licensee shall obtain a license amendment pursuant to §40.44 prior to implementing a proposed change, test, or experiment if the change, test, or experiment would:

Result in more than a minimal increase in the frequency of occurrence of an accident previously evaluated in the license application (as updated);

- (i) Result in more than a minimal increase in the likelihood of occurrence of a malfunction of a structure, system, or component (SSC) important to safety previously evaluated in the license application (as updated);
- (ii) Result in more than a minimal increase in the consequences of an accident previously evaluated in the license application (as updated);
- (iii) Result in more than a minimal increase in the consequences of a malfunction of an SSC important to safety previously evaluated in the license application (as updated);
- (iv) Create a possibility for an accident of a different type than any previously evaluated in the license application (as updated);
- (v) Create a possibility for a malfunction of an SSC important to safety with a different result than previously evaluated in the license application (as updated);

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- (vi) Result in a departure from the method of evaluation described in the license application (as updated) used in establishing the final safety evaluation report (FSER), or the environmental assessment (EA), or technical evaluation reports (TERs), or other analysis and evaluations for license amendments.
- (vii) The change, test, or experiment is consistent with the NRC conclusions, or the basis of, or analysis leading to the conclusions of, actions, designs, or design configurations analyzed and selected in the site or facility safety evaluation report, TER, and environmental impact statement (EIS), or EAs, including all supplements and amendments, and TERs, EAs, EISs issued with amendments to this license.
- c) The licensee's determinations concerning Part b of this condition, shall be made by a Safety and Environmental Review Panel (SERP). The SERP shall consist of a minimum of three individuals. One member of the SERP shall have expertise in management (e.g., Plant Manager) and shall be responsible for financial approval for changes; one member shall have expertise in operations and/or construction and shall have responsibility for implementing any operational changes; and one member shall be the radiation safety officer (RSO) or equivalent, with the responsibility of assuring changes conform to radiation safety and environmental requirements. Additional members may be included in the SERP as appropriate, to address technical aspects such as ground water, hydrology, surface water hydrology, specific earth sciences, and other technical disciplines. Temporary members or permanent members, other than the three above-specified individuals, may be consultants.
- d) The licensee shall maintain records of any changes made pursuant to this condition until license termination. These records shall include written safety and environmental evaluations made by the SERP that provide the basis for determining changes are in compliance with Part b of this condition. The licensee shall furnish, in an annual report to the NRC, a description of such changes, tests, or experiments, including a summary of the safety and environmental evaluation of each. In addition, the licensee shall annually submit to the NRC changed pages, which shall include both a change indicator for the area changed, e.g., a bold line vertically drawn in the margin adjacent to the portion actually changed, and a page change identification (date of change or change number or both), to the operations plan and reclamation plan of the approved license application (as updated) to reflect changes made under this condition.

[Applicable Amendments: 4, 6]

- 9.5 The 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.

Within 3 months of NRC approval of a revised decommissioning plan and its cost estimate, the licensee shall submit, for NRC review and approval, a proposed revision to the financial surety arrangement if estimated costs in the newly approved Decommissioning Plan exceed the amount covered in the existing financial surety. The revised surety shall then be in effect within 3 months of written NRC approval.

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Annual updates to the surety amount, required by 10 CFR 40, Appendix A, Criterion 9, shall be provided to the NRC by August 18 of each year. Financial surety coverage for the full amount of the NRC-approved decommissioning cost estimate shall not lapse for any time period prior to license termination. If the NRC has not approved a proposed revision 30 days prior to the expiration date of the existing surety arrangement, the licensee shall extend the existing arrangement, prior to expiration, for one year. Along with each proposed revision or annual update, the licensee shall submit supporting documentation, showing a breakdown of the costs and the basis for the cost estimates with adjustments for inflation, maintenance of a minimum 15 percent contingency, changes in engineering plans, activities performed, and any other conditions affecting estimated costs for site closure.

At least 90 days prior to beginning construction associated with any planned expansion or operational change which was not included in the annual surety update, the licensee shall provide, for NRC approval, an updated surety to cover the expansion or change.

The licensee shall also provide the NRC with copies of surety-related correspondence submitted to the State of Wyoming, a copy of the State's surety review, and the final approved surety arrangement. The licensee must also ensure that the surety, where authorized to be held by the State, expressly identifies the NRC-related portion of the surety and covers the cost of above-ground decommissioning and decontamination, offsite disposal, soil and water sample analyses, and ground-water restoration associated with the site. The basis for the cost estimate is the NRC-approved site closure plan or the NRC-approved revisions to the plan. The reclamation/decommissioning plan, cost estimates, and annual updates should follow the outline in the Appendix C to NUREG-1569 (NRC, 2003), entitled, "Recommended Outline for Site-Specific *In Situ* Leach Facility Reclamation and Stabilization Cost Estimates."

The licensee's currently approved surety, Irrevocable Standby Letter of Credit issued in favor of the State of Wyoming, Department of Environmental Quality (WDEQ) shall be continuously maintained in an amount no less than \$9,828,099 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.

[Applicable Amendments: 1, 2, 4, 6, 7, 9, 10, 11, 12, 13, 14, 15, 16]

- 9.6 Written standard operating procedures (SOPs) shall be established and followed for all operational process activities involving radioactive materials that are handled, processed, stored, or transported by the licensee at or between the Irigaray and Christensen Ranch sites. SOPs for operational activities shall enumerate pertinent radiation safety practices to be followed in accordance with 10 CFR Part 20. Additionally, written procedures shall be established and followed for non-operational activities to include in-plant and environmental monitoring, bioassay analyses, and instrument calibrations. An approved, up-to-date copy of each written procedure shall be kept in specified locations in the process area to which it applies.

All written procedures for both operational and non-operational activities shall be reviewed and approved in writing by the RSO before implementation and whenever a change in a procedure is proposed to ensure that proper radiation protection principles are being applied. Additionally, the RSO shall perform a documented review of all operating procedures at least annually.

- 9.7 The licensee shall dispose of 11e.(2) byproduct material, including evaporation pond residues, from the Irigaray and Christensen Ranch Satellite facilities at a site licensed by the NRC or an NRC Agreement State to receive 11e.(2) byproduct material. The licensee shall identify the disposal facility to the NRC

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40-8502

Amendment No. 17

in writing. The licensee's approved waste disposal agreement must be maintained onsite. In the event the agreement expires or is terminated, the licensee shall notify the NRC in writing, in accordance with License Condition 9.2, within 7 days after the date of expiration or termination. A new agreement shall be submitted for NRC approval within 90 days after expiration or termination, or the licensee will be prohibited from further lixiviant injection. If the licensee is not able to secure this agreement, then the licensee must increase the surety to include disposal at a commercial 11e.(2) disposal facility.

[Applicable Amendments: 4, 13]

- 9.8 Release of equipment, materials, or packages from the restricted area shall be in accordance with the NRC guidance document entitled, "Guidelines for Decontamination of Facilities and Equipment Prior to Release for Unrestricted Use or Termination of Licenses for Byproduct, Source, or Special Nuclear Material," dated August 1987, or suitable alternative procedures approved by the NRC prior to any such release, or in accordance with Section 5.1 of the approved Decommissioning Plan.

[Applicable Amendments: 4, 6]

- 9.9 Before engaging in any developmental activity not previously assessed by the NRC, the licensee shall administer a cultural resource inventory. All disturbances associated with the proposed development will be completed in compliance with the National Historic Preservation Act of 1966 (as amended) and its implementing regulations (36 CFR Part 800), and the Archaeological Resources Protection Act of 1979 (as amended) and its implementing regulations (43 CFR Part 7).

To ensure that no unapproved disturbance of cultural resources occurs, any work resulting in the discovery of previously unknown cultural artifacts shall cease. The artifacts shall be inventoried and evaluated in accordance with 36 CFR Part 800, and no disturbance shall occur until the licensee has received authorization from the NRC to proceed.

[Applicable Amendment: 4]

- 9.10 The licensee shall maintain restricted area boundaries at the Irigaray and Christensen Ranch facilities as described in Section 5.8.1 of the approved license application. Additionally, the Irigaray and Christensen Ranch well field buildings shall be restricted, if required, based on the results of radiological surveys.
- 9.11 The licensee is hereby exempted from the requirements of Section 20.1902(e) of 10 CFR 20 for areas within the Irigaray and Christensen Ranch facilities, provided that all entrances to the facility are conspicuously posted in accordance with Section 20.1902(e) and with the words, **"ANY AREA WITHIN THIS FACILITY MAY CONTAIN RADIOACTIVE MATERIAL."**
- 9.12 The RSO shall have the health physics authorities, responsibilities, and technical qualifications identified in Regulatory Guide 8.31.
- 9.13 Sage Grouse leks at the Irigaray and Christensen Ranch sites shall be monitored on an annual basis. The licensee shall consult with the Fish and Wildlife Service or the Bureau of Land Management for mitigative measures to reduce potential impacts.

[Applicable Amendments: 4, 13]

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SECTION 10: Operations, Controls, Limits, and Restrictions

10.1 The licensee shall use a lixiviant composed of native groundwater, with added sodium bicarbonate and/or CO2 gas and oxygen or hydrogen peroxide, as described in the approved license application.

[Applicable Amendments: 4, 13]

10.2 The licensee shall construct all wells in accordance with methods described in Section 3.3.2 of the approved license application.

The licensee shall perform well integrity tests on each injection and production well before the wells are utilized and on wells that have been serviced with equipment or procedures that could damage the well casing. Additionally, each well shall be retested at least once every five years. Integrity tests shall be performed in accordance with Section 3.3.2.2 of the approved license application. Any failed well casing that cannot be repaired to pass the integrity test shall be appropriately plugged and abandoned, using procedures set out in Section 3.3.2 of the approved license application.

[Applicable Amendments: 4, 13]

10.3 The licensee shall establish pre-operational baseline water quality data for all production units. Baseline water quality sampling shall provide representative pre-mining ground water quality data and restoration criteria as described in the approved license application. The data shall be from wells established in the mining zone, the mining zone perimeter, the upper aquifer and the lower aquifer where present, with spacing and locations as specified in the approved license application. The data shall, at a minimum, consist of the sample analyses shown in Table 5.25 of Section 5.8.2.2 of the approved license application.

The wells used for obtaining baseline ground water quality in current and future production areas shall be established at the following minimal density:

<u>Monitored Unit</u>	<u>Density</u>
Ore Zone Monitors	All
Ore Zone Baseline (restoration)	1 well per 4 acres of pattern area
Shallow Zone Monitors	1 well per 3.5 acres of pattern area
Deep Zone Monitors (where zone present)	1 well per 3.5 acres of pattern area

Wells utilized to establish baseline ground water quality for past Irigaray production areas were as follows:

<u>Monitored Unit</u>	<u>Wells per Monitored Unit</u>
Irigaray Unit 1 Sandstone	2
Irigaray deep monitor zone	2
Irigaray perimeter and trend monitor wells (Units 1-9)	70 percent of installed wells

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Baseline ground water quality in previously approved production areas shall be the mean data values (well field average) from the following submittals:

Irigaray	
Units 1-5	April 16, 1990 (refers to WDEQ permit 478)
Unit 6	April 4, 1988
Unit 7	November 2, 1987 (Table 4)
Units 8-9	January 28, 1988

<u>Christensen Ranch</u>	
Unit 3 and Module 2 expansion	December 1, 1988 (Table 2)
Unit 3 expansion and Module 4A expansion	August 8, 1991 (Table 6)
Unit 2 south portion	November 27, 1992 (Table 2)
Unit 2 north portion	April 16, 1992 (Table 2)
Unit 4	April 1, 1994 (Table 6)
Unit 5	February 28, 1995 (Table 7)

[Applicable Amendment: 4]

- 10.4 Prior to mining in each production unit, the licensee shall collect ground water samples and establish Upper Control Limits (UCLs) in accordance with Section 5.8 of the approved license application. UCLs for monitor wells established prior to the issuance of the Performance Based License Condition (PBLC) in December 1996, are provided in Table 5.26 for the Irigaray site and Table 5.27 for the Christensen Ranch site in Section 5.8 of the approved license application. UCLs shall be applied to all monitor wells in conformance with the approved license application and appropriate SOPs. The UCL parameters shall be chloride, conductivity, and total alkalinity.

[Applicable Amendment: 4]

- 10.5 The licensee is authorized to conduct operations at a maximum flow rate of 4000 gallons per minute, exclusive of restoration flow. Annual dried yellowcake production shall not exceed 2.5 million pounds.

[Applicable Amendments: 5, 13]

- 10.6 Solution evaporation ponds A, B, C, D and E, shall have at least 2 feet of freeboard. Ponds RA and RB shall have at least 8 feet of freeboard. The 8-foot freeboard may be temporarily changed to a 2-foot freeboard in either RA or RB as long as sufficient reserve capacity is available in the overall pond system to accept the contents of one of the ponds in case of leakage. The Christensen Ranch permeate storage pond, brine ponds and filter backwash pond (if constructed) shall have at least 2 feet of freeboard.

Additionally, the licensee shall, at all times, maintain sufficient reserve capacity in the evaporation pond system to enable the transfer of the contents of a pond to other ponds. In the event of a leak and subsequent transfer of liquid, the freeboard requirements shall be suspended during the repair period.

[Applicable Amendments: 4, 13]

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10.7 All liquid effluents from process buildings and other process waste streams, with the exception of sanitary wastes, shall be returned to the process circuit, discharged to the solution evaporation ponds, or disposed of as allowed by NRC regulations.

Additionally, the licensee is authorized to dispose of process solutions, injection bleed, and restoration brine in the following wells:

COGEMA DW No. 1
Christensen 18-3
DW-1
DW-2

The licensee shall maintain a record of the volumes of solution disposed in these wells and submit this information in the annual monitoring report.

[Applicable Amendment: 4]

10.8 The licensee shall maintain effluent control systems, as specified in Section 4.0 of the approved license application, with the following additions:

- A. Operations shall be suspended within 1 hour in the dry/pack area of the plant if any of the emission control equipment for the yellowcake drying or packaging areas is not operating within the ranges permitted by WDEQ Air Quality Permit No. OP-254.
- B. The licensee shall, during all periods of yellowcake drying operations, assure that the scrubber is operating within the recommended ranges for water flow and air pressure differential. This shall be accomplished by use of continuous monitoring equipment which will record the scrubber flow rate and differential pressure, and signal an audible alarm if they fall below the recommended ranges in the permit. Manual readings and alarm checks will be documented once per 12-hour shift.
- C. The furnace draft pressure shall be read and documented once per 12-hour shift, and maintained within the design specification of -0.1 to -0.5 inches of water.

[Applicable Amendment: 4]

10.9 The licensee shall use a Radiation Work Permit (RWP) for all work or non-routine maintenance jobs where the potential for significant exposure to radioactive material exists and for which no standard written operating procedure exists. All RWPs shall be accompanied by a breathing zone air sample or applicable area air sample. The RWP shall be issued by the RSO or designee, qualified by way of specialized radiation protection training, and RWPs shall include, as a minimum, the information described in Section 2.2 of Regulatory Guide 8.31.

10.10 The licensee shall sample particulates and radon progeny on a monthly frequency at the Irigaray and Christensen Ranch Satellite locations shown on Figures 5.2 and 5.3 of the approved license application. Additional sampling locations can be added by the licensee through the SERP.

[Applicable Amendment: 4]

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- 10.11 If employees do not shower prior to leaving the restricted area, they shall monitor themselves with an alpha survey instrument prior to exiting in conformance with Regulatory Guide 8.30.
- 10.12 The licensee shall implement the bioassay program discussed in Regulatory Guide 8.22. Exceedance of the administrative or actions levels and corrective actions performed will be documented in the ALARA Audit Report.
- [Applicable Amendment: 4]
- 10.13 All radiation monitoring, sampling, and detection equipment shall be recalibrated after each repair and as recommended by the manufacturer, or at least annually, whichever is more frequent. In addition, all radiation survey instruments shall be operationally checked with a radiation source each day when in use.
- 10.14 DELETED BY Amendment 4.
- 10.15 The licensee shall incorporate the restoration data for the 517 and USMT sites into the Irigaray completion report.
- [Applicable Amendment: 4]
- 10.16 The licensee shall conduct ground water restoration and post-restoration monitoring as described in Section 6.1 of the approved license application. The primary goal of restoration shall be to return the ground water quality on a production-unit average, to baseline concentrations on a parameter-by-parameter basis. If the primary goal cannot be achieved, the ground water will, at a minimum, be returned to an alternate standard approved by the NRC.
- Changes to ground water restoration or post-restoration monitoring plans shall be submitted to the NRC for review and approval at least 2 months prior to ground water restoration in a mining unit.
- [Applicable Amendment: 13]
- 10.17 The licensee shall include the following as part of the ground water monitoring program:
Annual sampling and analysis for chloride and conductivity from 517 and USMT Wells M-1, NM-3, M-4, SM-1, M-219, M-220, and M-221.
- 10.18 The licensee shall implement the respiratory protection program, as described in the approved license application.
- 10.19 The licensee is hereby authorized to receive contaminated process equipment for reuse from licensed uranium recovery operators. Records of all receipts shall be maintained.
- [Applicable Amendments: 4, 13]
- 10.20 The licensee is hereby authorized to transfer source material to any facility licensed by NRC or an NRC Agreement State to receive source material for purposes of drying and storage. The licensee shall follow Standard Operation Procedure No. E-11 in the event of a transportation or storage accident.
- [Applicable Amendments: 4, 13]

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- 10.21 Prior to initiating vanadium separation processing, the licensee's Safety and Environmental Review Panel (SERP), in accordance with License Condition 9.4 shall assess the potential safety and environmental impacts of that process. If those impacts are outside the scope of the impacts considered by NRC in the EA as part of the license renewal review, the licensee shall submit a license amendment request to NRC for review and approval.

[Applicable Amendments: 4, 13]

- 10.22 The licensee shall use its SOP PBLIC-02, approved by NRC in December 1996, including the guidance for evaluating hydrologic connectivity between aquifers, in assessing the potential start up of new mine units.

[Applicable Amendments: 4, 13]

SECTION 11: Monitoring, Recording, and Bookkeeping Requirements

- 11.1 Injection manifold pressures and flow rates shall be measured and recorded daily. During well-field operations, injection pressures shall not exceed 120 psi at the Irigaray site, and 140 psi at the Christensen Ranch site. Also, during maintenance tasks, injection pressures shall not exceed the integrity test pressures.
- 11.2 All designated monitor wells shall be sampled and tested for the UCLs established in accordance with Condition 10.4. Sampling shall be performed on the routine sampling schedule in the approved license application.

If the routine sampling results indicate an exceedance of at least two UCLs, a second sample shall be collected from that well within 48 hours and analyzed for chloride, conductivity, and total alkalinity. The well shall be placed on excursion status if the results from the second sample also exceed at least two of the established UCLs.

If the results from the second sample do not confirm the initial exceedance, a third sample shall be collected within 48 hours of receiving the results from the second sampling, and analyzed. The routine sampling shall be considered in error if the second and third samples do not confirm the initial exceedance. The well shall be placed on excursion status if the results from the second or third samples exceed at least two of the established UCLs.

Upon confirming an excursion, the licensee shall implement corrective actions, and increase the sampling frequency for the excursion indicators to weekly. Written progress reports of the excursion status shall be submitted to the NRC, in accordance with Condition 9.2, on a quarterly basis, until the excursion has been mitigated. An excursion is considered mitigated when the concentrations of at least two excursion indicators remain below the established UCLs for three consecutive samples.

[Applicable Amendments: 4, 8, 13]

- 11.3 The licensee shall conduct effluent, personnel, and environmental monitoring programs in accordance with Sections 5.7 and 5.8 of the approved license application.

[Applicable Amendments: 6, 13]

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- 11.4 The licensee shall perform and document weekly visual inspections of the Irigaray and Christensen Ranch Satellite evaporation pond embankments, fences and liners, as well as measurements of pond freeboard and checks of the leak detection system. Any time 6 vertical inches or more of fluid is detected in the leak detection system standpipes, it shall be analyzed for chloride, conductivity, pH and uranium. If analyses indicate that the pond is leaking, the licensee shall lower the pond fluid level by transferring its contents to an alternate cell, and undertake repairs, as needed. If standpipe water exists, quality samples shall be analyzed for the above parameters weekly during the leak period and for at least 2 weeks following repairs.

[Applicable Amendment: 4]

- 11.5 The licensee shall conduct the weekly in-plant inspection and audit programs described in Section 5.3 of the approved license application. In addition, the RSO or designee shall document a daily walk-through of the Irigaray and Christensen Ranch Satellite facilities to determine that radiation control practices are being implemented appropriately.

[Applicable Amendments: 4, 13]

- 11.6 The results of the following activities, operations, or actions shall be documented: sampling, analyses, surveys and monitoring, survey/monitoring equipment calibration, results of reports on audits and inspections, all meetings and training courses required by this license; and any subsequent reviews, investigations and corrective actions. Unless otherwise specified in the NRC regulations, all such documentation shall be maintained for a period of at least five (5) years.

- 11.7 The licensee shall monitor for external exposure in accordance with 10 CFR 20.1502(a)(1), and Section 5.7.2 of the approved license application. The licensee shall monitor for internal exposure in accordance with 10 CFR 20.1502(b)(1) and Section 5.7.3 of the approved license application.

[Applicable Amendment: 13]

SECTION 12. Reporting Requirements

- 12.1 Effluent and environmental monitoring program results provided in the annual report and in accordance with 10 CFR 40.65 "Effluent monitoring reporting requirements," shall be reported in the format shown in Table 3 of Regulatory Guide 4.14 (Rev. 1) entitled, "Sample Format for Reporting Monitoring Data." The report shall also include injection rates, recovery rates and injection manifold pressures.

[Applicable Amendments: 4, 13]

- 12.2 Spill, Leak, Excursion, and Incident/Event Reporting

Until license termination, the licensee shall maintain documentation of unplanned releases of source or 11e.(2) byproduct materials (including extraction solutions) and process chemicals. Documented information shall include, but not be limited to: date, volume, total activity of each radionuclide released, radiological survey results, soil sample results (if taken), corrective actions, results of post remediation surveys (if taken), and a map showing the spill/event location and the impacted area.

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The licensee shall have procedures which will evaluate the consequences of the spill or incident/event against 10 CFR 20, Subpart "M," and 10 CFR 40.60 reporting criteria. If the criteria are met, the licensee must report this information to the NRC Operations Center as required.

If the licensee is required to report any spills, leaks, or excursions of source, 11e.(2) byproduct material, or process chemicals because of impact on the environment, or to report any other incidents/events to State or Federal agencies, a report shall be made to the Region IV Branch Chief for Uranium Recovery Inspection and the NRC Project Manager, by telephone or electronic mail, within 48 hours. This notification shall be followed, within 30 days of the notification, by submittal of a written report, according to Condition 9.2, detailing the conditions leading to the release or incident/event, corrective actions taken, and results achieved.

[Applicable Amendment: 4]

12.3 DELETED BY Amendment No. 4.

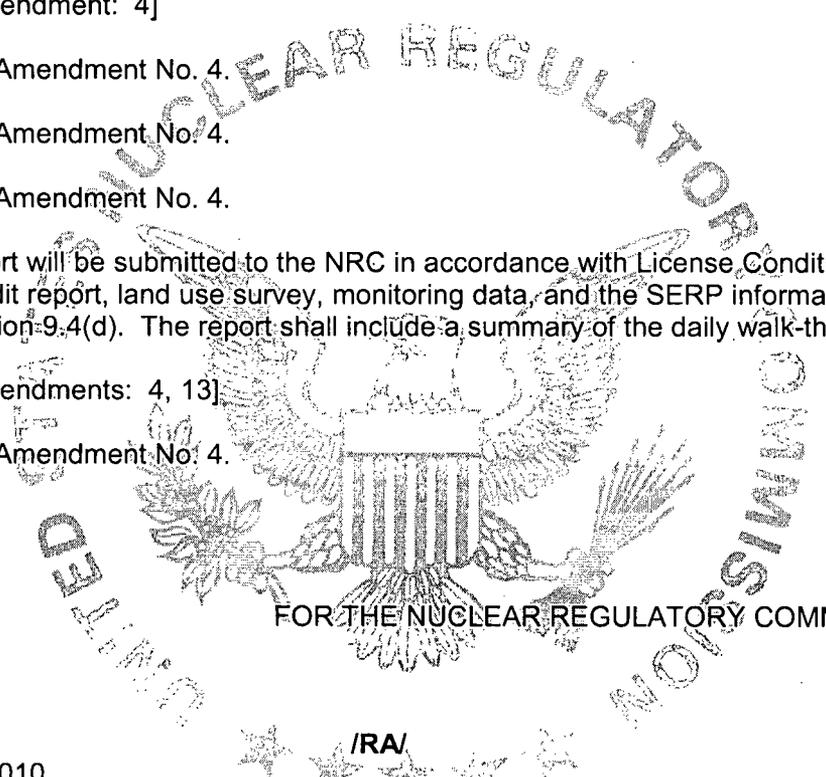
12.4 DELETED BY Amendment No. 4.

12.5 DELETED BY Amendment No. 4.

12.6 An annual report will be submitted to the NRC in accordance with License Condition 9.2, that includes the ALARA audit report, land use survey, monitoring data, and the SERP information required under License Condition 9.4(d). The report shall include a summary of the daily walk-through inspections.

[Applicable Amendments: 4, 13]

12.7 DELETED BY Amendment No. 4.

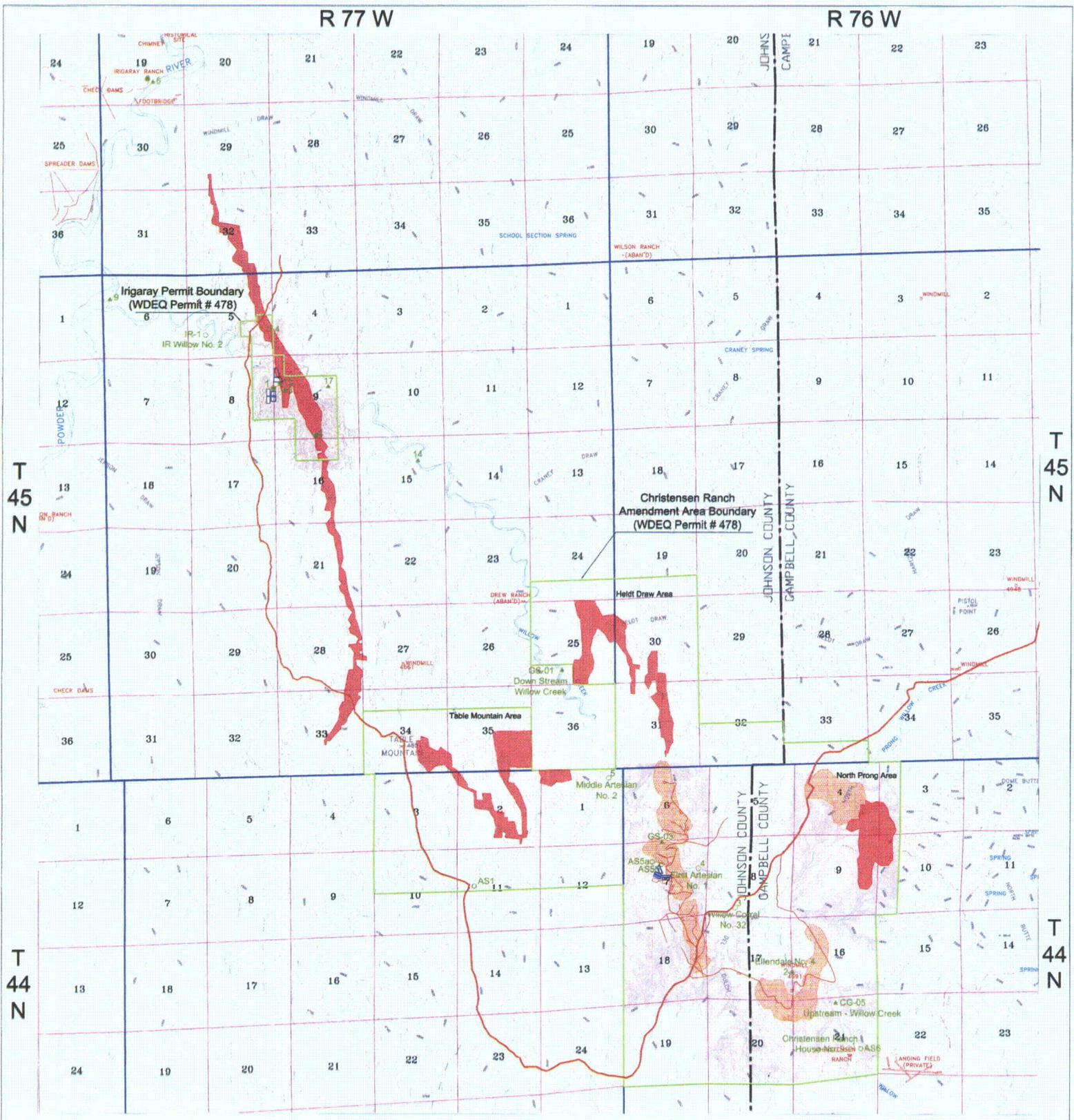


FOR THE NUCLEAR REGULATORY COMMISSION

/RA/

Date: 8/13/2010

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



LEGEND

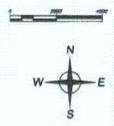
- Wellfield Access Roads
- Haul Road
- Wellfield Area - Existing
- Wellfield Area - Future
- Evaporation Ponds
- Topsoil Stockpile
- Air Sample Location (Radon and Particulate)
- Air Sample Location (Radon and Particulate)
- Vegetation Sample Location
- Soil Sample Location
- Direct Radiation Monitor Location
- Air Sample Location (Radon)
- Vegetation Sample Location
- Soil Sample Location
- Direct Radiation Monitor Location
- Stock & Domestic Well Sample Location
- Regional Groundwater Monitoring Location
- Upstream & Downstream Surface Water Sample Location



COGEMA Mining, Inc.
Christensen Project

Figure 5.5
Irigaray & Christensen Ranch
Environmental Monitoring
Station Locations

Scale: Wyoming County Johnson & Campbell
 State: WY000
 Drafting: RMD
 Date: 5-2-2008
 Revision:



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

2

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

2

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,

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)

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NAME	RLinton	BGarrett	RPrzygodzki	KKline
DATE	9/ 9 /10	9/ 9 /10	9/10 /10	9/10/10
OFC	DWMEP/DURLD	OGC	DWMEP/DURLD	
NAME	BVonTill	TStokes via e-mail	RLinton	
DATE	10/6/10	10/ 6 /10	10/ 6/10	

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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.