

SAFETY EVALUATION REPORT
CHANGE OF CONTROL FOR LICENSES SUA-1341, SUA-1596, and 49-29384-01

DATE: November 22, 2010

DOCKET NUMBERS: 040-08502, 040-09073, 030-38260

LICENSEES: Uranium One USA, Inc., Uranium One Americas, Inc.

SITES: Irigaray and Christensen Ranch Project, Wyoming, SUA-1341
Moore Ranch Project, Wyoming, SUA-1596
907 North Poplar St., Casper, Wyoming, 49-29384-01

PROJECT MANAGER: Ron C. Linton

TECHNICAL REVIEWERS: Roman Przygodzki, Jacqueline D. Cook

SUMMARY AND CONCLUSIONS

The United States Nuclear Regulatory Commission (NRC) staff reviewed an application and license amendment request dated July 20, 2010, submitted by Uranium One, Inc., Uranium One USA, Inc. and Uranium One Americas, Inc. (collectively, "Uranium One" or "the applicant") with regard to an indirect change of control of Uranium One USA, Inc.'s Irigaray and Christensen Ranch Source Materials License SUA-1341 (Agencywide Documents and Access Management System accession number ML102090404) and Uranium One's materials license applications for Moore Ranch Project (Docket No. 40-9073), Jab & Antelope Project (Docket No. 40-9079), and the Ludeman Project (Docket No. 40-9095).¹ On September 30, 2010, the NRC issued Source Materials License SUA-1596 for the Moore Ranch Project. NRC Source Materials Licenses SUA-1341 and SUA-1596 allow for the *in situ* recovery (ISR) of uranium in Wyoming. In a separate submittal dated June 23, 2010 (ML102100530), Uranium One provided notice of the indirect change of control of its Byproduct Material License 49-29384-01. NRC Byproduct Material License 49-29384-01 authorizes the use of hydrogen-3 sealed sources for mineral well logging.

The NRC is collectively treating the June 23, 2010, and July 20, 2010, submittals as an application for the change of control of NRC licenses SUA-1341, SUA-1596 and 49-29384-01.² Approval will result in an indirect change of control of the licenses from Uranium One, Inc. to JSC Atomredmetzoloto (ARMZ) [a Russian joint stock company] and its subsidiaries. ARMZ is owned by JSC Atomenergoprom and JSC Atomenergoprom's wholly owned subsidiary JSC TVEL. JSC Atomenergoprom is a wholly owned subsidiary of the State Atomic Energy Corporation JSC ROSATOM (Rosatom).

¹ By submittal dated October 28, 2009, Uranium One requested that the NRC defer further review of the Antelope and Jab application until such time that Uranium One requests resumption (ML093100634).

² With respect to the remaining two pending license applications, Jab & Antelope Project (Docket No. 40-9079) and Ludeman Project (Docket No. 40-9095), the July 20, 2010, submittal will be treated as a revision to the information contained in the respective license applications regarding the corporate identity of the applicant.

The June 23, 2010, and July 20, 2010, submittals were reviewed by NRC staff for an indirect change in control of licenses issued under Title 10 of the *Code of Federal Regulations* (10 CFR) Parts 30 and 40. The staff's review is guided by NUREG-1556, Volume 15, "Consolidated Guidance About Materials Licenses – Program-Specific Guidance About Changes of Control and About Bankruptcy Involving Byproduct, Source or Special Nuclear Material Licenses," dated November 2000, and Regulatory Issue Summary (RIS) 2008-19, "Lessons Learned from Recent 10 CFR 70 License-Transfer Application Reviews," dated August 28, 2008. NRC staff finds that the information submitted by Uranium One sufficiently describes and documents the transaction and Uranium One's, Rosatom's, and ARMZ's understanding of the commitments made in NRC Licenses SUA-1341, SUA-1596, and 49-29384-01.

As required by 10 CFR 30.34(b) and 10 CFR 40.46, NRC staff has reviewed the application and finds that the proposed change of control is in accordance with §184 of the Atomic Energy Act of 1954, as amended (the Act), "Inalienability of Licenses." The staff finds that, after the change of control, Uranium One USA, Inc. and Uranium One Americas, Inc. will remain the licensees, will remain qualified to use radioactive material for the purpose requested, and will continue to have the equipment, facilities, and procedures necessary to protect public health and safety and to minimize danger to life or property.

INTRODUCTION

On July 20, 2010, Uranium One submitted a request to the NRC for consent to the change of control of Source Materials License SUA-1341. The submittal also provided notice of the intended transaction with respect to three pending materials license applications, including the Moore Ranch application; therefore, the staff is also treating the submittal as a request for consent to allow the change of control of Materials License SUA-1596, issued on September 30, 2010 (ML102090404). Uranium One USA, Inc. operates the Irigaray and Christensen Ranch commercial uranium *in situ* recovery (ISR) facilities, which are located in Johnson and Campbell Counties, Wyoming, respectively. The Irigaray and Christensen Ranch facilities are in operating status, but no uranium is currently being produced at either facility. Uranium One Americas, Inc. holds NRC Source Materials License SUA-1596, which allows for the recovery of uranium at the Moore Ranch ISR facility in Campbell County, Wyoming. In a separate submittal dated June 23, 2010, Uranium One Americas, Inc. submitted a request to the NRC for consent to allow the change of control of Materials License 49-29384-01, which authorizes the use of hydrogen-3 sealed sources for well logging.

The proposed change of control is described by Uranium One in its application submitted to the NRC on July 20, 2010 (ML102090404). By letter dated October 6, 2010 (ML102510494), the NRC provided Uranium One with its Requests for Additional Information (RAIs) with regard to its July 20, 2010 submittal. Uranium One responded to the RAIs by letter dated October 18, 2010 (ML102940435). By separate cover letters dated October 18, 2010, and October 20, 2010, Uranium One and ARMZ, respectively, provided projected (*pro forma*) financial data and requested that these documents be withheld under 10 CFR 2.390(a)(4) and (d). The staff agreed with this request.

The July 20, 2010, submittal includes: a discussion of the transaction; a description of ARMZ; a diagram of the transaction; several Uranium One, Inc. press releases; a copy of National Instrument 52-110; a diagram of the current Uranium One, Inc. corporate lineage; a list of the Officers and Directors of Uranium One, Inc., Uranium One USA, Inc. and Uranium One

Americas, Inc.; a copy of the Articles of Incorporation for Uranium One, Inc., Uranium One USA, Inc., and Uranium One Americas, Inc.; a copy of ARMZ's 2008 annual report; biographical information on ARMZ's senior management team and Board members; a copy of ARMZ's charter; a copy of Law on Rosatom; biographical information on Rosatom's senior management team and Board members; a copy of Law on Atomenergopom; a diagram on the corporate structure of Rosatom and ARMZ before and after the transaction; a copy of Uranium One USA, Inc.'s Letter of Credit (LOC) provided as financial assurance for decommissioning; and a copy of a Certificate of Authority.

Uranium One's October 18, 2010, response to RAI (ML102940435) includes a chart describing Uranium One, Inc.'s current corporate lineage; a chart describing the Rosatom corporate lineage after consummation of the transaction; a copy of a letter from Bank of Montreal confirming that the LOC will remain in full force and effect after consummation of the transaction; and a copy of ARMZ's 2009 annual report.

The proprietary components of the RAI responses include *pro forma* financial data for Rosatom and Uranium One, Inc. as well as a copy of a statement from the auditor of the ARMZ 2007 consolidated financial statements, explaining the grounds for the issuance of a qualified opinion and the auditor's satisfaction with ARMZ's resolution.

With regard to Materials License 49-29384-01, on June 23, 2010, the licensee submitted notification of a financial transaction relating to the purchase of a significant portion of Uranium One, Inc. common shares (ML102100530). On August 27, 2010, a letter was sent to the licensee requesting them to complete Appendix F of NUREG-1556, Vol. 15, Information Required for Change of Ownership/Transfer of Control (ML102390535). On August 27, 2010, the licensee provided its response, with the exception of Item 6. On September 22, 2010, the licensee was asked to respond to Item 6 of Appendix F of NUREG-1556, Vol. 15. On September 22, 2010, the licensee responded appropriately that the transferee will abide by all constraints, conditions, requirements and commitments of the transferor (ML102670746). As the proposed transaction will not result in a change in the ultimate licensee, the form provided identifies the transferee and transferor as Uranium One Americas, Inc. On November 16, 2010, ARMZ confirmed that ARMZ and Rosatom will abide by Uranium One's commitments with respect to Materials License 49-29384-01 (ML103200247).

LICENSE HISTORY

SUA-1341, Irigaray and Christensen Ranch Project

The Irigaray facility was originally one of several research and development (R&D) sites in Wyoming and South Dakota under Source Materials License SUA-1204. The R&D license was issued by the NRC's predecessor, the U.S. Atomic Energy Commission, in 1974 to the Wyoming Mineral Corporation (WMC), a subsidiary of Westinghouse Electric Corporation. Under this license, WMC was licensed to perform research at two pilot sites at the Irigaray facility, which are referred to as site 517 and the 9AI or USMT site.

In 1978, WMC obtained Materials License SUA-1341 for commercial operations at the Irigaray facility from the NRC. In 1982, the facility was placed on standby status due to the depressed market for uranium. In addition, the R&D License SUA-1204 was terminated in 1982, provided that monitoring at the former R&D sites was continued under license SUA-1341. In 1987,

Malapai Resources Company, a subsidiary of Pinnacle West Capital Corporation, acquired Materials License SUA-1341 from WMC and resumed operations at the Irigaray facility.

During this period, the Christensen Ranch facility was also being developed under R&D License SUA-1337, which was issued by NRC in 1978, to Western Nuclear, Inc., a subsidiary of J&P Corporation. In 1981, J&P Corporation sold its interest in the Christensen Ranch R&D project to the Arizona Public Service Company (Malapai Resources Company), and Western Nuclear, Inc. continued R&D as the designated licensee. In 1985, Malapai Resources Company acquired all interests in the project from Western Nuclear, Inc. During this period, research had been performed at one location at the Christensen Ranch facility, the Willow Creek R&D site.

In 1988, Malapai Resources Company amended the Materials License SUA-1341 to include Christensen Ranch as a satellite to the Irigaray facility. In 1989, the Christensen Ranch R&D License SUA-1337 was terminated.

In 1990, Pinnacle West Capital Corporation sold Malapai Resources Company to Fuel International Trading Company (FITC), a subsidiary of Electricite de France, a French utility. FITC entered into an agreement with Total Minerals Corporation, another French company, as operator of the Malapai Wyoming project.

In 1993, a stock ownership transfer occurred which resulted in Cogema Mining Inc. (Cogema) becoming the licensee for the Irigaray and Christensen Ranch facilities. Cogema was a subsidiary of Cogema Resources, Inc., a subsidiary of Areva NC.

In 2010, a stock ownership transfer occurred which resulted in Cogema shares being purchased by Uranium One Exploration U.S.A., Inc., a subsidiary of Uranium One Americas, Inc., Uranium One Investments, Inc., and Uranium One, Inc. This resulted in an indirect change of control of Materials License SUA-1341 from Areva NC to Uranium One, Inc.

On January 27, 2010, NRC was notified that Cogema would be renamed Uranium One USA, Inc. This was not a change of control, but simply a name change of an existing corporation. The NRC approved the name change on August 18, 2010.

SUA-1596, Moore Ranch Project

On October 2, 2007, Energy Metals Corporation (EMC), a wholly-owned subsidiary of Uranium One Americas, Inc., submitted an application to the NRC for a materials license for the Moore Ranch uranium ISR project. NRC issued Materials License SUA-1596 for the Moore Ranch project on September 30, 2010. The license has an expiration date of September 28, 2020.

49-29384-01, Sealed Source Form

On February 22, 2010, Uranium One Americas, Inc. submitted an application to the NRC for a Material License for tritium (H-3) in sealed source form. License number 49-29384-01 was issued to Uranium One Americas, Inc. on May 21, 2010. Materials License 49-29384-01 authorizes possession of hydrogen-3 in the form of sealed sources (Thermo Electron Corporation Model A-3062) not to exceed three (3) curies (Ci) per source and 12 Ci total for use in mineral well logging. The license has an expiration date of May 31, 2020. The licensee is

authorized to store licensed material at a field office which is the same address as the mailing address for the licensee (ML101440136).

REGULATORY FRAMEWORK

Licenses SUA-1341 and SUA-1596 were issued under 10 CFR 40, "Domestic Licensing of Source Material." License 49-29384-01 was issued under 10 CFR 30, "Rules of General Applicability to Domestic Licensing of Byproduct Material" and 10 CFR 39, "Licensees and Radiation Safety Requirements for Well Logging." The Commission is required by 10 CFR 30.34(b) and 10 CFR 40.46 to determine if the change of control is in accordance with the provisions of the act and give its consent in writing.

10 CFR 30.34(b) states:

No license issued or granted pursuant to the regulations in this part and parts 31 through 36, and 39 nor any right under a license shall be transferred, assigned or in any manner disposed of, either voluntarily or involuntarily, directly or indirectly, through transfer of control of any license to any person, unless the Commission shall, after securing full information, find that the transfer is in accordance with the provisions of the Act and shall give its consent in writing.

10 CFR 40.46 states:

No license issued or granted pursuant to the regulations of this part shall be transferred, assigned, or in any manner disposed of, either voluntarily or involuntarily, directly or indirectly, through transfer of control of any license to any person, unless the Commission shall after securing full information, find that the transfer is in accordance with the provisions of this act, and shall give its consent in writing.

The staff's review is guided by NUREG-1556, Volume 15, "*Guidance About Changes of Control and About Bankruptcy Involving Byproduct, Source, or Special Nuclear Materials Licenses*," dated November 2000, RIS 2008-19, "*Lessons-Learned from Recent 10 CFR Part 70 License-Transfer Application Reviews*," dated August 2008, and regulations pertaining to specific licenses in 10 CFR 30, 10 CFR 39, and 10 CFR 40.

As discussed in NUREG-1556, Volume 15, NRC is generally using the term "change of control" rather than the statutory term "transfer" to describe the variety of events that could require prior notification and written consent of the NRC.

Notice of Application From Uranium One USA, Inc., for Consent to an Indirect Change of Control for Source Materials License SUA-1341 to JSC Atomredmetzoloto, Opportunity To Provide Comments and To Request a Hearing was published in the *Federal Register* (FR) on September 20, 2010 (75 FR 57300) with a deadline for submitting a request for hearing of October 12, 2010, and a deadline for submitting comments of October 20, 2010. The title of the notice does not reference the Moore Ranch license as it was not issued at the time of the notice. However, the notice does reference the July 20, 2010, submittal that includes the Moore Ranch application. The FR Notice (75 FR 57300) was also listed on the NRC's public website

found at <http://www.nrc.gov/about-nrc/regulatory/adjudicatory/hearing-license-applications.html#change>, under Notice of Ownership Change. Public notice for license 49-29384-01 was listed on NRC's public webpage under Notice of Ownership Change on October 1, 2010, with a deadline of November 30, 2010, to request a hearing. No requests for hearing were received; however, four public comments were received. Responses to public comments are listed in Attachment 1 to the SER.

DEFINITION OF A CHANGE OF CONTROL

NUREG-1556, Volume 15, Appendix F, defines control as:

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.

Upon consummation of the financial transaction, described below, Rosatom – absent from the previous corporate lineage – will become the ultimate parent company of Uranium One, Inc. and through its subsidiaries will have majority ownership of Uranium One, Inc., thereby providing Rosatom with indirect control over the NRC licensees and licenses. Although an indirect change of control, the proposed transaction still requires NRC consent under 10 CFR 30 and 10 CFR 40.

DESCRIPTION OF TRANSACTION³

On June 8, 2010, Uranium One, Inc. entered into a Purchase and Subscription Agreement with JSC Atomredmetzoloto (a Russian joint stock company) and its wholly owned subsidiaries Effective Energy N.V. (a Dutch limited liability company) and Uranium Mining Company (a Russian corporation), wherein ARMZ will acquire no less than 51 percent of Uranium One, Inc.'s common shares (the "transaction"). Uranium One, Inc.'s daughter companies include Uranium One USA, Inc. and Uranium One Americas, Inc. both NRC licensees.

The corporate organizational charts provided by Uranium One, state that after consummation of the transaction, the organizational structure of Uranium One Inc.'s subsidiaries, Uranium One USA, Inc. and Uranium One Americas, Inc., will not change. However, Uranium One, Inc. will become 52.1% owned by Effective Energy N.V. and Uranium Mining Company, which are wholly owned subsidiaries of ARMZ, which is 79.979% owned by JSC Atomenergoprom – wholly owned by Rosatom – and 20.021% owned by JSC TVEL – wholly owned by JSC Atomenergoprom. By this corporate lineage, ARMZ is indirectly wholly owned and controlled by Rosatom.

Relying upon Uranium One's submittals, the staff finds that after the transaction, Uranium One USA, Inc. and Uranium One Americas, Inc. will remain the NRC licensees for Materials

³ As detailed in the July 20, 2010, submittal from Uranium One, and Uranium One's responses to RAIs dated October 18, 2010.

Licenses SUA-1341, SUA-1596, and 49-29384-01, and that the transaction will result in a change of the ultimate parent company of the licensees.

The NRC staff finds that Uranium One adequately provided a complete and clear description of the transaction, and that the information provided is consistent with the guidance in NUREG-1556.

CHANGES OF PERSONNEL

The July 20, 2010, submittal states that no changes to personnel that have control over licensed activities are anticipated in connection with the change of control. However, changes to the Board of Directors and Management will occur. As stated in the July 20, 2010, submittal and as clarified in response to RAI 7 dated October 18, 2010, upon closing of the transaction, Uranium One, Inc.'s Board of Directors will be reduced from thirteen to nine directors. ARMZ will be entitled to nominate five of nine directors; however, two of the five must be "independent directors" as described in Exhibit 5 of the application, National Instrument 52-110.⁴ ARMZ will also be authorized to second two individuals to management positions at Uranium One, Inc.; however, neither position may be located in the United States or be given any management role with respect to any facilities in the United States.

As stated in the response to RAI 3 and RAI 7 dated October 18, 2010, both before and after consummation of the transaction, all decisions with regard to the Irigaray/Christensen Ranch and Moore Ranch projects and licenses will be made by the respective Board of Directors and Officers of Uranium One. Additionally, the response states that day to day decisions with regard to the project development, operations and any decommissioning activities at the Irigaray/Christensen Ranch and Moore Ranch projects will be made by the management of Uranium One USA, Inc. and Uranium One Americas, Inc., respectively. Furthermore, the response states that neither ARMZ nor Rosatom will hold any unique powers with regard to Uranium One USA, Inc.'s and Uranium One Americas, Inc.'s U.S. business or any of the assets, facilities or properties located in the United States ultimately owned by Uranium One, Inc. (ML102940435).

Similarly, with respect to the Materials License 49-29384-01, Uranium One Americas, Inc. confirmed that there will be no changes in personnel having control over licensed activities as a result of this change of control (ML102670746).

However, to ensure NRC is notified of future changes in personnel that may have control over NRC Materials Licenses, the NRC will require the following license condition to SUA-1341, SUA-1596, and 49-29384-01 that NRC be notified if such changes occur:

If any officer, director, board member, employee, or representative of a parent company of Uranium One, Inc., will be appointed, hired, or designated as an officer, board member or director of the licensee under any NRC license held by Uranium One, Inc. or its subsidiaries, Uranium One, Inc. or its subsidiaries must

⁴ Under National Instrument 52-110 a director is considered to be independent if the director: (a) is not an employee or executive officer of the issuer, and (b) does not have, or has not had, any relationship with the issuer, or an executive officer of the issuer, which could, in the view of the issuer's board of directors having regard to all relevant circumstances, be reasonably perceived to interfere with the exercise of his or her independent judgment.

provide written notice to NRC at least 30 days prior to such appointment, hiring, or designation.

The NRC staff finds that key personnel that have control over licensed material will not change as a result of the proposed transaction and with the insertion of the above license condition; NRC will be notified if such change were to occur in the future. The preservation of key personnel meets the requirements of 10 CFR 30 and 10 CFR 40 and is consistent with the guidance in NUREG-1556, Volume 15.

CHANGES OF LOCATION, EQUIPMENT AND PROCEDURES

The July 20, 2010, application states that the change of control does not provide for, or anticipate any changes to, the location of ISR operations, equipment, or procedures. The submittal also states that the transaction is a stock transaction and will have no effect on any of the U.S. facilities operated by Uranium One, or any of the equipment or procedures used at these U.S. facilities.

Similarly, with respect to the Materials License 49-29384-01, Uranium One Americas, Inc. confirmed that there will be no changes to the location of operations, equipment or procedures as a result of this change of control (ML102670746).

The NRC staff finds that there are no proposed changes in the location, equipment, and procedures for the site and the documentation submitted meets the requirements of 10 CFR 30 and 10 CFR 40 and is consistent with the guidance in NUREG-1556, Volume 15.

SURVEILLANCE RECORDS

The July 20, 2010, submittal states that all required surveillance for Irigaray and Christensen Ranch Project has been performed, documented and reviewed. The submittal also states that the change of control does not provide for or anticipate any changes to the monitoring or surveillance records or changes to the recordkeeping and reporting procedures. The Moore Ranch Project was licensed September 30, 2010, and there are no surveillance records to review or to be documented at this time.

Similarly, with respect to the Materials License 49-29384-01, Uranium One Americas, Inc. confirmed that there will be no changes in the surveillance program as a result of this change of control, and that surveillance items and records will be current at the time of the change of control (ML102670746).

The staff finds that the application submitted contains a statement that all required surveillance has been performed, documented, and reviewed, as required by 10 CFR 30, 10 CFR 40 and recommended by NUREG-1556, Volume 15.

DECOMMISSIONING AND RELATED RECORDS TRANSFERS

NUREG-1556, Volume 15 recommends that license transfer applications include: (1) information that ensures the proper transfer and maintenance of records important to the safe and effective decommissioning of facilities involved in licensed activities, and (2) a description of the status of the licensed facility with regard to ambient radiation levels and fixed and/or

removable contamination as a result of NRC licensed activities. The application should confirm that the transferee accepts full responsibility for the decommissioning of the site, including any contaminated facilities and equipment.

Record Transfer

In its July 20, 2010, submittal, Uranium One states that it does not provide for or anticipate any changes to the records as a result of the change of control. Additionally, Uranium One confirmed that all of its records relating to Irigaray and Christensen Ranch Project and the license will remain in its possession. The Moore Ranch Project was licensed September 30, 2010, and there are no records available for transfer at this time.

Similarly, with respect to its Materials License 49-29384-01, Uranium One states that the transfer of records is “not applicable” (ML102670746).

Relying upon Uranium One’s descriptions of the proposed transaction, the staff finds that the licensees do not change as a result of the change of control, and therefore, the staff finds Uranium One’s response acceptable. The NRC staff finds that the application contains information on the maintenance of all records, consistent with the guidance in NUREG-1556, Volume 15.

Contamination Status

In its July 20, 2010, application, Uranium One states that it is aware of the current status of Irigaray and Christensen Ranch Project with regard to ambient radiation levels and fixed and removable contamination, as described in the 2009 Annual Effluent and Monitoring Report, February, 2010 (ML102020132). Uranium One also states it understands the current regulatory actions and issues associated with License SUA-1341, including the NRC’s ongoing review of Uranium One USA’s license renewal application. The Moore Ranch Project was licensed September 30, 2010, and no licensed activities have occurred at this site.

The NRC staff finds that the submitted information sufficiently demonstrates that Uranium One understands the current status of the contamination levels at the facilities, consistent with the guidance in NUREG-1556, Volume 15.

Decommissioning Commitment

In its July 20, 2010, submittal, Uranium One states that it is aware of the current status of Irigaray and Christensen Ranch Project with regard to ambient radiation levels and fixed and removable contamination, as described in the 2009 Annual Effluent and Monitoring Report, February, 2010 (ML102020132).

The submittal further states that Uranium One and Uranium One USA, Inc. acknowledge that remediation during future decommissioning may be required for historic spills or leaks. Uranium One USA, Inc. confirmed its understanding that it has full responsibility for the decommissioning of Irigaray and Christensen Ranch Project and all associated facilities and equipment after approval of the change of control.

The Moore Ranch Project was licensed September 30, 2010, and no licensed activities have occurred and no financial surety is in place at this time.

The NRC staff finds that the application sufficiently describes Uranium One's commitment to decommissioning of the facilities, in accordance with NUREG-1556, Volume 15.

Financial Surety

Uranium One USA, Inc.'s financial assurance requirements for decommissioning, decontamination, and reclamation, consistent with 10 CFR 40, Appendix A, Criterion 9, are set forth in SUA-1341 License Condition (LC) 9.5. The indirect change of control will not affect Uranium One USA, Inc. with regard to continued compliance with the requirements for financial assurance. Uranium One USA, Inc. or Uranium One Americas, Inc. and their parent company, Uranium One, Inc., will remain responsible for the current status and future decommissioning of the licensed facilities.

As part of the "Annual Report for Wyoming DEQ Permit to Mine No. 478," dated August 18, Uranium One, USA, Inc. submitted its annual surety update for the Irigaray and Christensen Ranch Project for NRC review and approval (ML102450550). Uranium One USA, Inc.'s updated cost estimate of \$12,917,349 represents a \$3,089,250 increase from the previously approved estimate of \$9,828,099. The increase in surety reflects new costs associated with the proposed restart of operations and the development of a new well field. The August 18, 2010, cost estimate of \$12,917,349 is under review. In this regard, Uranium One USA, Inc. is required by LC 9.5 to provide financial assurance in this new amount within three months (90 days) of NRC's approval. Therefore, the staff's review of Uranium One USA, Inc.'s LOC is based on the previous cost estimate of \$9,828,099.

Uranium One USA, Inc.'s current financial assurance is in the form of an irrevocable LOC (ML102520626) in the amount of \$9,828,099, which is equal to the reclamation cost estimate approved by NRC on June 22, 2010 (ML101390046). Exhibit 3 of Uranium One's RAI responses (ML102940435) contains a letter from the Bank of Montreal, the financial institution providing Uranium One USA, Inc.'s LOC, stating that the LOC will remain in full force and effect upon consummation of the transaction. However, both the response to RAI 2 and the letter contained in Exhibit 3 reference \$9,714,299, which is a prior reclamation cost estimate stated in Source Materials License SUA-1341, License Amendment 15 (ML093290083). By email dated October 26, 2010, the NRC requested clarification and requested an updated letter from the licensee's financial institution (ML103070147). By email dated October 27, 2010, Uranium One submitted its response, which corrected its previous response to RAI 2 and provided an updated letter from the licensee's financial institution (ML103070147). Both the updated letter and the revised response to RAI 2 reference the previously approved reclamation cost estimate of \$9,828,099. Based on the previously approved cost estimate amount, the amount of the LOC is acceptable. Relying upon Uranium One's submittals and the letter from Bank of Montreal, the staff finds that the LOC will remain in place after consummation of the transaction.

NRC Materials License SUA-1596 for Uranium One Americas, Inc.'s Moore Ranch project was issued on September 30, 2010 (ML102090404), and is not required to provide financial assurance until 90 days prior to commencement of operations. Therefore, no financial assurance is provided for Uranium One Americas, Inc. and the Moore Ranch Project at this time.

NRC Materials License 49-29384-01 does not require financial assurance. This license authorizes the use of sealed source hydrogen-3 in an amount not to exceed three (3) Curies (Ci) per source and 12 Ci total. These amounts are less than 10^{12} times the hydrogen-3 quantity set forth in Appendix B to 10 CFR Part 30, thus License 49-29384-01 does not require financial assurance.

NRC requested in a RAI dated October 6, 2010, that the applicant provide projected (*pro forma*) balance sheets and cash flow statements for ARMZ consistent with RIS 2008-19 and consistent with information requested during the prior change of control of SUA-1341 (ML093290074). In its response, Uranium One, Inc. provided its audited financial statements for the year ending December 31, 2009, and by separate cover letter dated October 18, 2010, Uranium One provided five years (years 2010 through 2015) of *pro forma* financial statements for Uranium One, Inc. Similarly, by separate cover letter dated October 20, 2010, ARMZ provided five years (years 2010 through 2015) of *pro forma* balance sheets and cash flow statements. Both Uranium One, Inc. and ARMZ requested that their respective *pro forma* financial data be withheld from public release as confidential commercial and financial information pursuant to 10 CFR 2.390(a)(4) and (d). The NRC staff agreed to the request. NRC staff compared the *pro forma* financial data after the change of control to financial data prior to the change of control and found adequate assurance that Uranium One, Inc. and ARMZ will remain going concerns.

In the application, Uranium One provided a chart of Uranium One, Inc.'s corporate lineage, as well as a chart of Rosatom/ARMZ's corporate lineage. In RAI 1 dated October 6, 2010, the staff requested charts that more clearly describe the corporate lineage of Uranium One, Inc. before the transaction is consummated, and a separate chart of the corporate lineage describing Rosatom and Uranium One, Inc. after the transaction is consummated. Based on these charts, the staff confirmed that the Uranium One, Inc. subsidiaries, including Uranium One USA, Inc. and Uranium One Americas, Inc., remain as distinct subsidiaries in the corporate lineage after consummation of the transaction.

In NRC RAI 5 dated October 6, 2010, Uranium One was asked whether it intends to apply for an export license under 10 CFR 110, and to clarify the members of the Korean Consortium as stated on page 13 of Exhibit 9, "ARMZ Annual Report and Combined and Consolidated Financial Statement," to its July 20, 2010 submittal. In its response, Uranium One states that it does not intend today, and does not envision in the foreseeable future, any export of uranium from the United States derived from the facilities located in the United States. With respect to the Korean Consortium, Uranium One states that the Korean Consortium is comprised of three South Korean companies, and the Memorandum of Understanding referenced on page 13 of Exhibit 9 of its July 20, 2010, submittal refers to the evaluation of a potential joint mining project. Uranium One further states that neither the parties nor the potential joint mining project has any connection with North Korea.

The NRC staff finds that the submitted information sufficiently describes Uranium One's ability to decommission and provide adequate financial surety consistent with the guidance in NUREG-1556, Volume 15, NUREG-1757, Volume 3, and the requirements of License Condition 9.5.

TRANSFeree'S COMMITMENT TO ABIDE BY THE TRANSFEROR'S COMMITMENTS

In the July 20, 2010 submittal, Uranium One USA, Inc. states that this transaction does not affect Uranium One USA, Inc.'s commitment to continue to abide by all constraints, conditions, requirements, representations, and commitments of the license. In its response to RAI 9 dated October 18, 2010, Uranium One, Inc. states, for ARMZ and Rosatom that ARMZ and Rosatom commit to abide by Uranium One, Inc.'s commitments with respect the licenses SUA-1341 and SUA-1596. By email dated October 26, 2010 (ML103070147), Uranium One was asked to clarify the mechanism by which Uranium One, Inc. is authorized to commit ARMZ and Rosatom to abide by Uranium One, Inc.'s commitments with respect to SUA-1341, and SUA-1596. By email dated October 27, 2010 (ML103070147) Uranium One provided a copy of a letter from ARMZ which states:

1. ARMZ and Rosatom commit to abide by Uranium One Inc.'s commitments with respect to Materials License SUA-1341 and Materials License SUA-1596, consistent with the RAI dated October 6, 2010;
2. Neither ARMZ nor Rosatom will cause Uranium One Inc., Uranium One USA Inc., or Uranium One Americas Inc. to fail to abide by the terms of Materials License SUA-1341 and Materials License SUA-1596, or otherwise fail to abide by U.S. law in any respect;
3. Uranium One Inc. is authorized to make the above two statements to NRC in response to the RAI dated October 6, 2010; and
4. Uranium One Inc. is authorized to provide a copy of this letter to the NRC if so required by the NRC.

The July 20, 2010, submittal also states that no unresolved enforcement or inspection issues exist at this time.

As stated in Uranium One Americas, Inc.'s response to NRC's question regarding this section of the review (ML102670746) pertaining to Materials License 49-29384-01, Uranium One Americas, Inc. states that the transferee (Uranium One Americas, Inc.) commits to abide by all constraints, conditions, requirements and commitments of the transferor (Uranium One Americas, Inc.). By virtue of the proposed transaction, the ultimate licensee, Uranium One Americas, Inc. will continue to be the same. Additionally, on November 16, 2010 ARMZ confirmed that ARMZ and Rosatom commit to abide by Uranium One's commitments with respect to Materials License 49-29384-01 (ML 103200247).

The NRC staff finds that the submitted information sufficiently describes Uranium One, Inc.'s, ARMZ's and Rosatom's commitment to abide by commitments made by Uranium One USA, Inc. and Uranium One Americas, Inc., consistent with the guidance in NUREG-1556, Volume 15.

INIMICALITY REVIEW

Neither the NRC's regulations nor the Act prohibit issuance of a materials license to a licensee that is wholly or majority owned by a foreign parent.⁵ Instead, the NRC must find that issuance of the license, among other things, will not be inimical to the common defense and

⁵ Until January 25, 2010, License SUA-1341 for the Irigaray and Christensen Ranch Project was owned by Areva NC, which was majority owned by the French government.

security or to the health and safety of the public.⁶ At the conclusion of the initial licensing proceedings for the Irigaray and Christensen Ranch Project and the Moore Ranch Project, the NRC determined that the issuance of a Part 40 license to the applicants, Uranium One USA, Inc. and Uranium One Americas, Inc., respectively, would not be inimical to the common defense and security or to the health and safety of the public.⁷ For the reasons indicated herein, the NRC staff has determined that approval of the indirect transfer of control of the NRC licenses from Uranium One USA, Inc. and Uranium One Americas, Inc. to ARMZ, and by extension, Rosatom, would similarly not be inimical to the common defense and security or to the health and safety of the public.

In conducting this inimicality review, the NRC staff considered whether a Russian corporation's indirect control of several uranium recovery facilities in the United States would be inimical (adverse or hostile) to the common defense and security or the public health and safety. "[T]he common defense and security standard . . . refer[s] principally to: the safeguarding of special nuclear material; the absence of foreign control over the applicant; the protection of Restricted Data; and the availability of special nuclear material for defense needs." *In re Crowe Butte Res. Inc.*, LBP-08-24, 69 NRC 691, 753 (2008), citing *Florida Power & Light Co. (Turkey Point Nuclear Generating Units No. 3 and No. 4)*, 4 AEC 9, 12-13 (1967). As an initial matter, the uranium recovery facilities at issue are only licensed to possess source material and byproduct material, specifically uranium and 11.e(2) byproduct material, at the licensed sites and may not receive, possess, or use special nuclear material without first obtaining a specific license for such purposes from the NRC. Simply stated, the uranium recovery and milling process utilized at the facilities result in a uranium concentrate powder commonly called yellowcake, which does not pose a high security risk, is of low strategic significance, and does not impact the availability of special nuclear material for military needs. Additionally, as was previously stated, there is no specific prohibition against foreign ownership of an NRC materials license or licensee, and before the licensee may export uranium to a foreign country, they must first comply with the NRC's regulations and seek a specific license for such purpose. The parties to the proposed transaction have committed to abide by the NRC's regulations (including all security requirements applicable to ISR facilities), licenses and previous commitments made by the licensees, and, as previously indicated, have confirmed that there will be no changes in personnel having control over licensed activities as a result of this change of control. As an additional safeguard, reflecting a commitment made by the licensee, the NRC has included a license condition that would require advance notice of certain personnel changes instituted by the parent company, including ARMZ and Rosatom. Specifically, if any parent company of Uranium One, Inc., including ARMZ or Rosatom, seeks to appoint, hire, or designate an officer, board member, or director of Uranium One, Inc., Uranium One Americas, Inc., or Uranium One USA, Inc., the NRC is required to be notified in advance.

With respect to ensuring the public health and safety, as documented within this SER, the parties to the proposed transactions have committed to abide by all applicable laws and NRC regulations with respect to the construction and operation of the licensed facilities. Upon conclusion of this transaction, the direct licensee in charge of day to day operations at the licensed facilities will remain unchanged, as will the location of the ISR operations, equipment, and procedures. The NRC staff has verified that the parties to transaction have accepted full

⁶ See 10 CFR 40.32(d); AEA §69, 42 U.S.C. 2099.

⁷ An inimicality finding is not specifically required with respect to the 10 CFR Part 30 sealed source license currently held by Uranium One Americas, Inc.

responsibility for decommissioning the licensed sites upon conclusion of licensed activities and have satisfied the NRC's financial assurance requirements.

For the reasons indicated herein, the NRC staff has determined that consent to the indirect transfer of the Irigaray/Christensen Ranch and Moore Ranch ISR licenses to ARMZ and Rosatom will not be inimical to the common defense and security or public health and safety.

ENVIRONMENTAL REVIEW

This NRC action is not subject to further environmental review. This action is categorically excluded from further environmental review pursuant to 10 CFR 51.22(c)(21), having been determined by the NRC to be within a category of actions that does not individually or cumulatively have a significant effect on the human environment.

CONCLUSIONS

The staff has reviewed the application submitted by Uranium One and ARMZ with regard to an indirect change of control of Materials Licenses SUA-1341, SUA 1596, and 49-29384-01. The submitted information sufficiently describes the transaction; documents Uranium One's understanding of the licenses and commitments; and, demonstrates that Uranium One and ARMZ will abide by all existing commitments to the licenses.

Therefore, the staff concludes that the proposed indirect change of control would not alter the previous findings, made pursuant to 10 CFR 30.33 and 10 CFR 40.32. Staff has determined that licensed operations will not be inimical to the common defense and security, or to the health and safety of the public, as the licensed facilities and materials will continue to be used and operated in accordance with the NRC's regulations and in a manner that ensures the common defense and security and the public health and safety.

Review of Comments

1. A comment was received that indicated the change of control should be denied because the commenter sees no benefit to the United States or its citizens by allowing Russian control of the facility (ML102740254).

NRC response: The commenter did not provide any further specifics or basis as to why the request should be denied. The NRC staff did not consider benefits associated with the request. The staff's review focused on the regulatory and statutory requirements in 10 CFR 30.33, 10 CFR 40.32, and the Atomic Energy Act, as amended (Act). Relying upon Uranium One's various submittals and commitments, the staff finds the change of control consistent with 10 CFR 30.33, 10 CFR 40.32, and the Act.

2. A comment was received that indicated operating uranium mines would create employment opportunities in the United States and would increase the supply of domestic uranium. The comment also states that the change of control should be approved (ML102800587).

NRC response: The staff did not review the accuracy of the comment as the staff's review was focused on the regulatory and statutory requirements in 10 CFR 30.33, 10 CFR 40.32, and the Act.

3. A comment was received that indicated the NRC should reconsider approving the change of control, as there has not been a successful reclamation of a uranium mine and that the consequences are devastating to the local residents (ML102861225).

NRC response: The staff recognizes there are various opinions on the benefits and risks associated with uranium recovery operations. However, this review pertains to a proposed corporate reorganization of an existing licensee and was focused on the regulatory and statutory requirements in 10 CFR 30.33, 10 CFR 40.32, and the Act. The projects referenced in this review are subject to NRC licensing, review, and inspection and will continue to be regulated in accordance with all applicable regulations and laws.

4. A comment was received that indicated that it is unnecessary for a foreign nation to breach the American system of federalism and raid our treasury. The complexity in measuring this project's harm and its impact develops from the issue of inadequate information and research from lead agencies. (ML102930489).

NRC response: The staff's review of the change of control was focused on the requirements in 10 CFR 30.33, 10 CFR 40.32 and the Act. The applicant has affirmed that it will abide by all applicable regulatory requirements, laws, and commitments made under NRC license and in previous applications. Licensing actions approving uranium production, land disturbance, or actions that could result in environmental impacts occurred during previous licensing reviews and approvals and are not within the scope of this review. Additionally, approvals of direct or indirect transfers of an NRC license are included within a category of actions that the NRC has determined do not individually or cumulatively have a significant effect on the human environment, and as such do not require further environmental review. See 10 CFR 51.22(c)(21).