

May 6, 2011

Mr. Richard E. Blubaugh
Vice President of Environmental Health
and Safety Resources
Powertech (USA), Inc.
5575 DTC Parkway, Suite 140
Greenwood Village, CO 80111

SUBJECT: RESULTS OF ACCEPTANCE REVIEW FOR RESPONSES TO REQUEST FOR
ADDITIONAL INFORMATION FOR POWERTECH (USA), INC.'S PROPOSED
DEWEY-BURDOCK IN SITU RECOVERY FACILITY (TAC NO. J00606)

Dear Mr. Blubaugh:

By letter dated May 28, 2010, U.S. Nuclear Regulatory Commission (NRC) staff provided Powertech (USA), Inc. (Powertech) with a Request for Additional Information (RAI) related to its review of Powertech's application for the Dewey-Burdock Uranium Project, a proposed uranium in situ recovery (ISR) facility in Fall River and Custer Counties, South Dakota. The staff's May 28, 2010 letter (available through NRC's Agencywide Documents Access and Management System (ADAMS) Accession Number ML101460286) documented deficiencies in Powertech's application. The general nature of these deficiencies was discussed with Powertech during an April 8, 2010 public teleconference and documented in the meeting summary dated May 19, 2010 (ADAMS Accession Number ML101120080). Powertech responded to the staff's RAIs (ADAMS Accession Number ML110030730) in a letter December 23, 2010.

We have completed our acceptance review of Powertech's RAI responses and believe that significant deficiencies remain with the application. In particular, the following critical issues lack sufficient detailed information for the staff to make a finding related to the protection of public health and safety:

- Potential for surface water to be spring fed with production zone groundwater through unplugged exploratory drill holes.
- Potential hydraulic influence of operations on newly identified underground mine workings located within or in close proximity to newly revised wellfield areas.
- Potential inadequate hydraulic containment of production fluids from proposed operations.
- Potential inadequate hydraulic containment of production fluids from the hydraulic effects of potential breccia pipes.

Additional areas where information is needed are documented in our March 7, 2011, e-mail to Powertech (ADAMS Accession Number ML110670272). Because the RAI responses did not provide sufficient information for the staff to make its protection of public health and safety finding, we believe that proceeding with the review at this time is not the most effective use of scarce resources. Consequently, we are suspending our review of the safety-related portion of Powertech's license application for the Dewey-Burdock Uranium Project. Although it is suspending work on the safety review, the Staff will continue certain activities related to the environmental review of Powertech's application. These activities include the continued preparation of the Supplemental Environmental Impact Statement and the continuation of the consultation process required by Section 106 of the National Historic Preservation Act.

Given the suspension of the safety review, the NRC staff goal of completing its review of Powertech's license application within 24 months is no longer viable. The actual review time needed before a licensing decision can be made, will depend on several factors, including the availability of staff, the amount of new information provided, and completeness of Powertech's responses to the continued deficiencies.

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 the NRC's ADAMS. ADAMS is accessible from the NRC Web site at <http://www.nrc.gov/reading-rm/adams.html>.

R. Blubaugh

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If you have any questions, or to schedule a public meeting, please contact Ron Burrows at 301-415-6443, or by email at Ronald.Burrows@nrc.gov.

Sincerely,

/RA/

Keith I. McConnell, Director
Decommissioning and Uranium Recovery
Licensing Directorate
Division of Waste Management
and Environmental Protection
Office of Federal and State Materials
and Environmental Management Programs

Docket No. 40-9075

Enclosure:
List of Acceptance Review Issues

cc:
Amy Thurkill, Powertech (USA)
John Mays, Powertech (USA)
Bob Townsend, SD DENR
Mike Cepak, SD DENR
Marian Atkins, BLM
Mike McNeil, FS
Lynn Kolund, FS
Valois Shea, US EPA, Region 8

If you have any questions, or to schedule a public meeting, please contact Ron Burrows at 301-415-6443, or by email at Ronald.Burrows@nrc.gov.

Sincerely,

Keith I. McConnell, Director
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