March 21, 2011

The Honorable Michael B. Enzi
United States Senate
Washington, D.C. 20510

Dear Senator Enzi:

I am responding to your December 27, 2010, letter to President Barack Obama regarding the uranium recovery licenses in Wyoming now controlled by JSC Atomredmetzoloto (ARMZ), a Russian corporation.

Last November, the U.S. Nuclear Regulatory Commission (NRC) approved the transfer of control of the licenses from Uranium One USA, Inc. and Uranium One Americas, Inc. to ARMZ. At that time, we determined that the U.S. subsidiaries of Uranium One Inc. (the formerly Canadian, now Russian-owned firm) would remain as the licensees and continue to be qualified to conduct the uranium recovery operations. As a condition of our approval, we required the licensees to notify the NRC before ARMZ appoints, hires, or designates personnel to perform NRC-licensed activities.

Once fully operational, the ARMZ licenses will represent approximately 20 percent of the currently licensed uranium in-situ recovery production capacity in the U.S. The licensed Willow Creek facility (formally known as Irigaray and Christensen Ranch) is expected to start producing uranium in 2011, and the licensed Moore Ranch facility is in the initial stages of construction.

At this time, neither Uranium One Inc. nor ARMZ holds a specific NRC export license. In order to export uranium from the United States, Uranium One, Inc. or ARMZ would need to apply for and obtain a specific NRC license authorizing the export of uranium for use in reactor fuel. Before issuing such a license, the NRC would have to determine that the proposed export would not be inimical to the common defense and security of the United States. Under existing NRC regulations, this means that any uranium proposed for export to Russia for use in nuclear fuel would be made subject to the U.S.-Russia Atomic Energy Act Section 123 agreement for peaceful nuclear cooperation and confirmed in case-specific, government-to-government assurances for each proposed export. Russia would be required to commit to use the material only for peaceful purposes (not for development of any nuclear explosive device), to maintain adequate physical protection, and not to retransfer it to a third country or alter it in form or content without the prior consent of the U.S.

Every application submitted to the NRC for a specific export or import license is made available to the public on the NRC's web site, and the NRC welcomes public comment on such applications. Our regulations outline in detail procedures for public participation concerning these license applications.

As you note in your letter, there is considerable interest in the area of uranium recovery, and we are now expecting as many as 16 new applications by 2013 for new recovery facilities or for expanding existing uranium recovery facilities, in addition to those we have already received. Since October 2007, we have received seven new facility applications (six in Wyoming) and four applications to expand or restart an existing facility. Of the new facility applications received, one has been licensed, two are nearing completion of their reviews and licensing decisions are expected in 2011, two others are under review, one has been deferred at the applicant's request, and one was withdrawn. Of the four expansions and restarts, we authorized the restart of the Uranium One Inc., Willow Creek facility in Wyoming, which had ceased operations in 2000, and authorized a plant upgrade for another licensee. The remaining two expansion applications are under review. For future reference, the NRC maintains the status of its application reviews on the agency's web site.

Under its governing statutes, the NRC regulates to assure the safe use of nuclear materials, but does not have a role in promoting any particular use of those materials. With respect to your request for cooperation with the Executive Branch in fostering a robust domestic uranium industry, the Department of Energy would be the agency responsible for such concerns. If you need any additional information, please contact me or Ms. Rebecca Schmidt, Director of the Office of Congressional Affairs, at (301) 415-1776.

Sincerely,

/RA/

Gregory B. Jaczko