



UNITED STATES
NUCLEAR REGULATORY COMMISSION
REGION IV
612 EAST LAMAR BLVD, SUITE 400
ARLINGTON, TEXAS 76011-4125

June 17, 2011

Donna L. Wichers
Senior Vice President, ISR Operations
Uranium One USA, Inc.
907 No. Poplar Street, Suite 260
Casper, Wyoming 82601

SUBJECT: NRC INSPECTION 040-08502/11-001 AND NOTICE OF VIOLATION

Dear Ms. Wichers:

This refers to the inspection conducted on March 29-31, 2011, at your Irigaray and Christensen Ranch facilities located in Johnson and Campbell Counties, Wyoming. This inspection was an examination of activities conducted under your license as they relate to safety and compliance with the Commission's rules and regulations and with the conditions of your license. Within these areas, the inspection consisted of selected examination of procedures and representative records, observations of activities, and interviews with personnel.

A preliminary exit briefing was presented to Uranium One USA, Inc. at the conclusion of the onsite inspection, and the inspection results were discussed with the staff by telephone on April 27 and May 20, 2011. The enclosed report presents the results of this inspection.

The purpose of the inspection was to determine whether your facilities were prepared for startup and operation of the yellowcake dryer and to ensure that resin transfers were being conducted in accordance with the license and applicable regulations. Overall, the NRC has determined that you have the proper equipment and procedures in place to operate your dryer. Also, resin transfers and transportation was being performed in accordance with license and regulatory requirements.

Based on the results of this inspection, the NRC has determined that two Severity Level IV violations of NRC requirements occurred. These violations relate to your failure to provide training to comply with appropriate Department of Transportation regulations and failure of an employee to survey when exiting a restricted area as required by your license. These violations were evaluated in accordance with the NRC Enforcement Policy included on the NRC's Web site at www.nrc.gov/about-nrc/regulatory/enforcement/enforce-pol.html. The violations were cited in the enclosed Notice of Violation (Notice) and the circumstances surrounding it are described in detail in the subject inspection report. The violations are being cited because the NRC identified the violations rather than your staff. In addition, the violations are being cited to ensure that you provide us with the corrective actions necessary to prevent recurrence of the violations.

You are required to respond to this letter and should follow the instructions specified in the enclosed Notice when preparing your response. For your consideration and convenience, NRC Information Notice 96-28, "Suggested Guidance Relating to Development and Implementation of Corrective Action," is enclosed. The NRC will use your response, in part, to determine

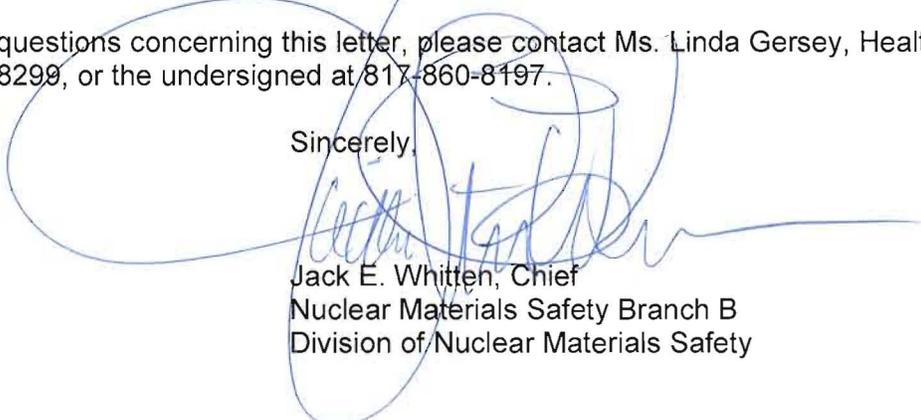
whether further enforcement action is necessary to ensure compliance with regulatory requirements.

Based on the results of this inspection, the NRC has also determined that one additional Severity Level IV violation of NRC requirements occurred. This violation involved your failure to sample 24 monitoring wells bi-weekly as required by License Condition 10.4. This non-repetitive, licensee-identified and corrected violation is being treated as Non-Cited Violation (NCV), consistent with Section 2.3.2 of the Enforcement Policy. The NCV is described in the subject inspection report. If you contest the violation or significance of the NCV, you should provide a response within 30 days of the date of this inspection report, with the basis for your denial, to the Nuclear Regulatory Commission, ATTN: Document Control Desk, Washington DC 20555-0001, with copies to the Regional Administrator, Region IV, and the Director, Office of Enforcement, U.S. Nuclear Regulatory Commission, Washington, DC 20555-0001.

In accordance with 10 CFR 2.390 of the NRC's "Rules of Practice," a copy of this letter, its enclosures, and your response will be made available electronically for public inspection in the NRC Public Document Room or from the NRC's document system (ADAMS), accessible from the NRC's Web site at <http://www.nrc.gov/reading-rm/adams.html>. To the extent possible, your response should not include any personal privacy, proprietary, or safeguards information so that it can be made available to the Public without redaction.

Should you have any questions concerning this letter, please contact Ms. Linda Gersey, Health Physicist, at 817-860-8299, or the undersigned at 817-860-8197.

Sincerely,



Jack E. Whitten, Chief
Nuclear Materials Safety Branch B
Division of Nuclear Materials Safety

Docket: 040-08502
License: SUA-1341

Enclosures:

1. NRC Notice of Violation
2. NRC Inspection Report 040-08502/11-001
3. NRC Information Notice 96-28

cc w/enclosures 1 & 2:
Mr. Carl Anderson, Administrator
Wyoming Department of Environmental Quality
Solid and Hazardous Waste Division
122 West 25th Street
Cheyenne, Wyoming 82002

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<input checked="" type="checkbox"/> Publicly Available	<input type="checkbox"/> Non-publicly Available		<input type="checkbox"/> Sensitive	<input checked="" type="checkbox"/> Non-sensitive
RSFSB	C:NMSB-B			
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6/16/2011	06/17/2011			

OFFICIAL RECORD COPY

T=Telephone

E=E-mail

F=Fax

Mark Rogaczewski, Program Supervisor
Wyoming Department of Environmental Quality
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Sheridan, Wyoming 82801

Scott W. Ramsay, Radiation Control Program Director
Wyoming Radiation Control Program Director
Wyoming Office of Homeland Security
2421 E. 7th Street
Cheyenne, Wyoming 82001

NOTICE OF VIOLATION

Uranium One USA, Inc.
Johnson and Campbell Counties, Wyoming

Docket: 040-08502
License: SUA-1341

During an NRC inspection conducted on March 29-31, 2011, two violations of NRC requirements were identified. In accordance with the NRC Enforcement Policy, the violations are listed below:

- A. 49 CFR 172.702 requires that each hazmat employer shall ensure that each hazmat employee is trained and tested, and that no hazmat employee performs any function subject to the requirements of 49 CFR Parts 171-177 unless trained, in accordance with Subpart H of 49 CFR Part 172. The terms Hazmat Employer and Hazmat Employee are defined in 49 CFR 171.8.

49 CFR 172.704(a) specifies the elements of hazmat employee training as: (1) general awareness/familiarization training, (2) function-specific training, and (3) safety training. 49 CFR 172.204(c) requires, in part, that a hazmat employee receive initial training, and recurrent training at least once every two years.

Contrary to the above, the licensee did not provide training for its hazmat employee which satisfied the requirements in Subpart H to 49 CFR Part 172. Specifically, on March 31, 2011, a hazmat employee transported radioactive contaminated resin, classified as a Low Specific Activity shipment, from the satellite facility to the central processing plant without having function-specific training to perform the assigned duties.

This is a Severity Level IV violation (Section 6.3).

- B. License Condition 10.11 states that 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, "Health Physics Surveys in Uranium Recovery Facilities."

Contrary to above, on March 30, 2011, the NRC inspector observed a licensee employee exit the restricted area in the central processing plant without showering or performing an alpha survey.

This is a Severity Level IV violation (Section 6.3).

Pursuant to the provisions of 10 CFR 2.201, Uranium One USA, Inc. is hereby required to submit a written statement or explanation to the U.S. Nuclear Regulatory Commission, ATTN: Document Control Desk, Washington, DC 20555-0001, with a copy to the Regional Administrator, Region IV within 60 days of the date of the letter transmitting this Notice of Violation (Notice). This reply should be clearly marked as a "Reply to a Notice of Violation" and should include for each violation: (1) the reason for the violation or, if contested, the basis for disputing the violation or severity level, (2) the corrective steps that have been taken and the results achieved, (3) the corrective steps that will be taken to avoid further violations, and (4) the date when full compliance will be achieved. Your response may reference or include previous docketed correspondence, if the correspondence adequately addresses the required response. If an adequate reply is not received within the time specified in this Notice, an order or a Demand for Information may be issued as to why the license should not be modified,

suspended, or revoked, or why such other action as may be proper should not be taken. Where good cause is shown, consideration will be given to extending the response time. If you contest this enforcement action, you should also provide a copy of your response, with the basis for your denial, to the Director, Office of Enforcement, U.S. Nuclear Regulatory Commission, Washington, DC 20555-0001.

Because your response will be made available electronically for public inspection in the NRC Public Document Room or from the NRC's document system (ADAMS), accessible from the NRC Web site at <http://www.nrc.gov/reading-rm/adams.html>, to the extent possible, it should not include any personal privacy, proprietary, or safeguards information so that it can be made available to the public without redaction. If personal privacy or proprietary information is necessary to provide an acceptable response, then please provide a bracketed copy of your response that identifies the information that should be protected and a redacted copy of your response that deletes such information. If you request withholding of such material, you must specifically identify the portions of your response that you seek to have withheld and provide in detail the bases for your claim of withholding (e.g., explain why the disclosure of information will create an unwarranted invasion of personal privacy or provide the information required by 10 CFR 2.390(b) to support a request for withholding confidential commercial or financial information). If safeguards information is necessary to provide an acceptable response, please provide the level of protection described in 10 CFR 73.21.

In accordance with 10 CFR 19.11, you may be required to post this Notice within 2 working days.

Dated this 17th day of June 2011

**U.S. NUCLEAR REGULATORY COMMISSION
REGION IV**

Docket: 040-08502
License: SUA-1341
Report: 040-08502/11-001
Licensee: Uranium One USA, Inc.
Facility: Irigaray and Christensen Ranch
Location: Johnson and Campbell Counties, Wyoming
Dates: March 29-31, 2011
Inspectors: Linda M. Gersey, Health Physicist
Repository and Spent Fuel Safety Branch
Approved By: Jack E. Whitten, Chief
Nuclear Materials Safety Branch B
Attachments: Supplemental Inspection Information

EXECUTIVE SUMMARY

Uranium One USA, Inc.
Irigaray and Christensen Ranch Facilities
NRC Inspection Report 040-08502/11-001

In-Situ Leach Facilities

- The licensee was conducting operations in accordance with regulations and the license with one exception (Section 1.2).
- One Non-Cited Violation was identified by the licensee that related to the licensee's failure to perform bi-weekly sampling of monitor wells as required by License Condition 10.4 (Section 1.2).

Effluent Control and Environmental Protection

- The licensee had the necessary equipment and procedures in place to begin dryer operations (Section 2.2).
- One violation was identified related to failure of an employee to perform contamination surveys prior to exiting a restricted area (Section 2.2).

Inspection of Transportation Activities

- Resin transfers were conducted in accordance with procedures and license requirements (Section 3.2).
- One violation was identified related to a hazmat employee transporting radioactive materials without completing the required hazmat training (Section 3.2).

Report Details

Site Status

The licensee began in-situ recovery operations in Mine Unit (MU) 7 and Module Building 7-1 on December 22, 2010. Module 7-2 had just begun operations during the week of the inspection. Three loaded resin transfers had been shipped from the Christensen Ranch Satellite (Satellite) to the Irigaray Central Processing Plant (CPP).

1 In-Situ Leach Facilities (89001)

1.1 Inspection Scope

Determine if the licensee was conducting in-situ recovery operations in accordance with license and regulatory requirements.

1.2 Observations and Findings

Site tours were conducted to observe in-situ recovery operations in progress. Areas toured included the CPP, the Satellite facility, MU 7, header houses Module 7-1 and 7-2, and various well heads. Operations were being conducted in accordance with license conditions and regulatory requirements, with one exception.

While on site, the inspector observed and discussed with the licensee a reported leak near injection well head 71-192. On March 28, 2011, a wellfield operator discovered the piping had cracked below the well head box and injection water was leaking into the surrounding ground. The licensee performed surveys and did not identify any radioactivity above background levels. The licensee determined that the well casing below the head box had shifted due to surrounding dirt work, which caused the pipe to crack. The piping was repaired prior to the end of the inspection.

During the inspection, the licensee discussed a self-identified violation related to failure to perform bi-weekly sampling of 24 monitor wells in MU 7 since January 2011. The licensee contacted the NRC project manager by telephone and provided a letter dated May 12, 2011, which described the self-identified violation, provided the status of each well, and outlined corrective actions. This was a violation (NCV 040-08502/1101-01) of License Condition 10.4 and license application Section 5.8.2.2. However, this non-repetitive, licensee-identified and corrected violation is being treated as a Non-Cited Violation, consistent with Section 2.3.2 of the NRC Enforcement Policy. The licensee's corrective actions included retraining the samplers, holding weekly meetings with the samplers to discuss duties to be performed that week, and requiring the laboratory supervisor to generate a weekly report on any samples that were not submitted to the lab based on the sampling schedule.

1.3 Conclusions

The licensee was conducting operations in accordance with regulations and the license, with one exception. One Non-Cited Violation was identified related to the licensee's failure to perform bi-weekly sampling of monitor wells as required by License Condition 10.4.

2 Effluent Control and Environmental Protection (88045)

2.1 Inspection Scope

Determine if the licensee was adequately prepared to begin yellowcake dryer operations at the CPP.

2.2 Observations and Findings

The inspector walked through the facility process flow at the Irigaray CPP. The licensee had check and refurbished or replaced, as necessary, all equipment related to the eluate tanks, precipitation tanks, filter press, yellowcake thickener, yellowcake dryer, and scrubber. Procedures were in place for each step in the circuit and the required forms to documents processes were generated. Training continued to be conducted on each process. The licensee appeared to be prepared to commence dryer operations. Overall, the NRC determined that the licensee's facilities were ready to begin dryer operations.

Section 4.0 of the approved license application describes the effluent control system. The licensee has a scrubber system which removes yellowcake dust and chloride vapors from the exhaust given off by the propane-fired dryer prior to exiting the stack. The de-mister screen at the top of the scrubber had been cleaned and the pumped checked for operability. The induced draft fan that exhausts the gas from the scrubber had been refurbished. Within one week of the dryer operating, and then every 6 months after, the licensee is required to perform effluent stack monitoring for uranium, lead-210, thorium-230, and radium-222.

The licensee also has ten continuous air monitoring filter stations in various locations around the dryer. At the time of the inspection, these stations had not been prepared for use, although the licensee has committed to having them operable before dryer operations begin. All air filter stations are run by one air pump, which the licensee had confirmed was in working order. The licensee also committed to operating the air samplers simultaneously with the environmental air monitors which will be turned on one week prior to dryer operations.

One violation was identified (NOV 040-08502/1101-02) related to the failure of a licensee employee to perform a contamination survey prior to leaving a restricted area. License Condition 10.11, requires, in part, that prior to exiting a restricted area, employees must shower or perform an alpha contamination survey in conformance with Regulatory Guide 8.30, "Health Physics Surveys in Uranium Recovery Facilities." On March 30, 2011, the inspector observed an employee walk through a restricted area exit door, which lead outside into the unrestricted area, without first having performed an exit contamination survey.

2.3 Conclusions

The licensee had the necessary equipment and procedures to begin dryer operations. One violation was identified related to failure of an employee to perform contamination surveys prior to exiting a restricted area.

3 Inspection of Transportation Activities (86740)

3.1 Inspection Scope

Determine if the licensee was conducting resin transportation in accordance with appropriate regulations and the license.

3.2 Observations and Findings

The inspector observed the transfer of barren resins from a resin transfer tank in the satellite building into a resin tanker truck. The licensee performed adequate Department of Transportation (DOT) contamination and exposure surveys on the resin tanker truck. The inspector reviewed the shipping papers and found all required information. The inspector also followed the resin tanker truck from the satellite building to the CPP. All markings on the truck were as required by DOT regulations.

During the inspection, the inspector identified a violation (NOV 040-08502/1101-03) relating to the failure to have full DOT training for a hazmat employee. On March 31, 2011, a hazmat employee transported contaminated resin from the satellite facility to the CPP. The inspector reviewed the hazmat training and determined that the hazmat employee had not received function-specific training as required by 49 CFR 172.704.

3.3 Conclusions

Resin transfers were conducted in accordance with procedures and license requirements. One violation was identified related to a hazmat employee having inadequate hazmat training.

4 Exit Meeting Summary

The NRC inspector presented the preliminary inspection results to the licensee's representatives at the conclusion of the onsite inspection. The inspection results were subsequently discussed with Uranium One staff by telephone on April 27 and May 20, 2011. During the inspection, the licensee did not identify any information reviewed by the NRC inspector as proprietary that was included in the report.

SUPPLEMENTAL INSPECTION INFORMATION

PARTIAL LIST OF PERSONS CONTACTED

Licensee

L. Arbogast, Radiation Safety Officer
J. Winter, Manager, Environmental and Regulatory Affairs
P. Avila, Production Manager
R. Kukura, Site/Construction Manager

INSPECTION PROCEDURES USED

IP 89001	In-Situ Leach Facilities
IP 88045	Effluent Control and Environmental Protection
IP 86740	Inspection of Transportation Activities

ITEMS OPENED, CLOSED, AND DISCUSSED

Opened

040-08502/1101-01	NCV	Failure to sample monitoring wells within 2-week frequency
040-08502/1101-02	NOV	Failure to perform a contamination survey prior to exiting a restricted area
040-08502/1101-03	NOV	Failure to have complete hazmat training for a hazmat worker

Closed

040-08502/1101-01	NCV	Failure to sample monitoring wells within 2-week frequency
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Discussed

None

LIST OF ACRONYMS USED

CPP	central processing plant
CFR	<i>Code of Federal Regulations</i>
DOT	U.S. Department of Transportation
IP	NRC Inspection Procedures
MU	Mine Unit
NCV	Non-Cited Violation
NOV	Notice of Violation
VIO	violation