

July 11, 2011

Mr. Wayne W. Heili  
President  
Lost Creek ISR, LLC  
5880 Enterprise Drive, Suite 200  
Casper, WY 82609

SUBJECT: LOST CREEK ISR, LLC, LOST CREEK *IN SITU* RECOVERY FACILITY,  
SWEETWATER COUNTY, WYOMING, SUMMARY OF MAY 31, 2011  
TELECONFERENCE - (TAC NO. J00559)

Dear Mr. Heili:

On May 5, 2011 (ML111120303), the U.S. Nuclear Regulatory Commission (NRC) staff issued its second draft license to Lost Creek ISR, LLC (LCI) for its proposed uranium *in situ* recovery facility (ISR) at its Lost Creek Project site in Sweetwater County, Wyoming. On May 31, 2011, the NRC staff held a public conference call between the staff and LCI representatives to discuss LCI's comments on the second draft license. The enclosed meeting summary documents discussions of the second draft license conditions that occurred during this teleconference.

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 Agencywide Documents Access and Management System (ADAMS). ADAMS is accessible from the NRC Web site at <http://www.nrc.gov/reading-rm/adams.html>.

W. Heili

2

If you have any questions concerning this letter, please contact me, either by telephone at (301) 415-6142, or by email at [Tanya.Oxenberg@nrc.gov](mailto:Tanya.Oxenberg@nrc.gov).

Sincerely,

**/RA/**

Tanya Palmateer Oxenberg, Ph.D.  
Project Manager  
Uranium Recovery Licensing Branch  
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.: 040-09068

Enclosure:  
Meeting Summary

cc:  
Meeting Attendees  
M. Bautz, WDEQ  
M. Newman, BLM  
D. McKenzie, WDEQ

W. Heili

2

If you have any questions concerning this letter, please contact me, either by telephone at (301) 415-6142, or by email at [Tanya.Oxenberg@nrc.gov](mailto:Tanya.Oxenberg@nrc.gov).

Sincerely,

Tanya Palmateer Oxenberg, Ph.D.  
Project Manager  
Uranium Recovery Licensing Branch  
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.: 040-09068

Enclosure:  
Meeting Summary

cc:  
Meeting Attendees  
M. Bautz, WDEQ  
M. Newman, BLM  
D. McKenzie, WDEQ

DISTRIBUTION:

L Gersey, RIV  
D Mandeville  
J Davis

B Spitzberg, RIV  
J Saxton  
A Bjornsen

M Albert  
B VonTill

J Olmstead  
K McConnell

**ML111890482**

|        |           |                         |                           |           |
|--------|-----------|-------------------------|---------------------------|-----------|
| Office | DWMEP     | DWMEP                   | DWMEP                     | DWMEP     |
| Name   | TOxenberg | TR Rowe for<br>BGarrett | DMandeville<br>for SCohen | TOxenberg |
| Date   | 7/8/11    | 7/8/11                  | 7/11/11                   | 7/11/11   |

**OFFICIAL RECORD COPY**

## MEETING REPORT

DATE: May 31, 2011

TIME: 1:00 – 2:00 p.m.

PLACE: U.S. Nuclear Regulatory Commission  
Two White Flint North, Rockville, Maryland  
Room T7B1

PURPOSE: To Discuss Second Draft License for the Lost Creek ISR Facility

ATTENDEES: See Attached Attendee List

### BACKGROUND:

The U.S. Nuclear Regulatory Commission (NRC) staff is in the process of finalizing its Safety Evaluation Report (SER) and issued the first draft license for Lost Creek ISR, LLC (LCI) on January 11, 2011 (see ML103340234 and ML103360080). LCI provided written comments on the draft license on January 21, 2011 (see ML110320026) and a meeting was held on January 31, 2011 to discuss revisions (see ML110320625). A second draft license was issued to LCI on May 5, 2011 (see ML111120303 and ML111120311). The purpose of the meeting was to discuss LCI's comments on the second draft license.

### DISCUSSION:

The teleconference began at 1:00 p.m. EDT. No members of the public attended or listened in on the meeting. The NRC staff also discussed the status of its review and noted that the second draft license has not received formal legal review and issuing the draft license does not constitute a licensing decision by the NRC. The NRC staff and LCI representatives then reviewed the draft license conditions (LCs).

NRC staff presents a summary of the discussion below. LCI's comments are in normal text and NRC staff comments are *italicized*. The resulting revised draft license is included as an attachment to this meeting summary.

### License Condition 9.7

LCI stated that the condition allows a "designee" to complete inspections in the absence of the Health Physics staff under very specific short-term conditions. Ur-Energy agrees that, to ensure the program is protective, the Health Physics staff must review designee inspections upon their return. LCI requested the staff revise the LC to prevent an inadvertent violation if the Radiation Safety Officer (RSO) or Health Physics Technician (HPT) did not review the inspection report within the required 48- or 72-hour period. LCI requested that the LC be changed to require the review to be performed on the first business day that the RSO or HPT returns instead of

Enclosure

“...within 48 hours of completing the report or 72 hours in the event of a federal or company holiday.” LCI pointed out that if a designee writes an inspection report at 7:00 a.m. on a Saturday then the RSO/HPT would have to review the report before 7:00 a.m. on Monday to comply with the LC’s 48-hour limit.

*The staff agrees that the 48-hour limit is restrictive, but disagrees with the requested revision to require the RSO or HPT to review the report on the first business day that he or she returns. The staff explained that it was important for the radiation safety staff to be aware of any problems with the report as soon as possible. The staff agreed to change the 48-hour requirement to within 3 hours of the start of the workday that the radiation staff returns to work. The staff pointed out that § 20.1906(c) requires licensees to survey packages that are received after working hours no later than 3 hours from the beginning of the next working day. Therefore, the staff agreed to the following change:*

*“...Reports will be reviewed by the RSO or HPT as soon as practical, but not later than 3 hours from the beginning of the next work day following an absence, week-end, or holiday.”*

#### **License Condition 10.8B**

LCI stated that the LC requires the RSO, Manager EHS and Regulatory Affairs, and the Operations Manager review the weekly inspection report for the holding ponds. LCI pointed out that the technical report (TR) does not list the RSO as a reviewer for this inspection report and stated that the license and the TR should be consistent.

*The staff agreed to the revision, but will add that the RSO will maintain the reports on-site for NRC staff to review during inspections.*

#### **License Condition 10.8C**

LCI stated that the LC is titled “Quarterly Inspections,” requires that water levels from the groundwater monitoring system be collected on a monthly basis. The TR commits to monitoring on a quarterly basis. LCI stated that the license and the TR should be consistent, and requested that the staff revise the monitoring frequency from monthly to quarterly to be consistent with the LC title and the commitments in the TR.

*The staff agreed to the revision from monthly to quarterly.*

#### **License Condition 10.10**

LCI stated that the language in the LC was too specific and read literally, did not allow a mechanism to restart mining within an area where there has been a vertical excursion due to an abandoned drillhole if the applicant corrected the problem. LCI proposed that the last phrase of the LC that reads “...is not attributable to leakage through any abandoned drillhole” be replaced with “...has been mitigated” to avoid a license violation if it restarted mining after correcting the problem that caused the excursion.

*The staff agreed to the revision.*

## **License Conditions 11.3B) and 12.1**

LCI requested that the NRC staff change the language in these LCs from “exempted aquifer” to “reclassified aquifer,” and eliminate the sentence discussing monitoring in subhorizons. State of Wyoming Department of Environmental Quality Regulations requires an aquifer reclassification rather than an aquifer exemption. LCI is concerned that if the license requires an aquifer exemption and the State grants an aquifer reclassification that it will not comply with the license.

*The staff agreed to the revision.*

## **SECTION 12.0: Preoperational Conditions**

LCI stated that the paragraph below the *Facility Specific Conditions* Section refers to LC 12.15, but there is no LC 12.15 in the second Draft and recommends that the NRC staff remove it from the sentence.

*The staff agreed to the revision.*

## **License Condition 12.9**

LCI stated that although the proposed licensed area is within the State’s hunting areas, there is little or no large or small game hunting within the proposed licensed area. In addition, the only surface water collected at the site was from snowmelt because rainfall is not large enough to allow surface water collection. LCI requested that NRC staff remove the requirements for game sampling and surface water analysis for dissolved Ra-226. Because LCI collected and analyzed liver, bone, muscle, and kidney samples from cattle as part of the baseline, it feels it has sufficient food samples in accordance with Regulatory Guide 4.14.

*The staff agreed to remove those sampling requirements from the LC.*

**PUBLIC DISCUSSION:** No participants.

## **ACTION ITEMS:**

NRC will provide a detailed meeting summary of the issues discussed and a revised draft license.

## **ATTACHMENTS:**

1. Attendee List
2. Meeting Agenda
3. Revised Draft License



## MEETING ATTENDEES

Topic: Discuss second draft license to construct and operate an in situ recovery (ISR) uranium facility at its Lost Creek site in Wyoming

Date: May 31, 2011

| NAME                   | AFFILIATION         | PHONE NUMBER | E-MAIL                                                                               |
|------------------------|---------------------|--------------|--------------------------------------------------------------------------------------|
| Wayne Heili*           | Lost Creek ISR, LLC | 307-265-2373 | <a href="mailto:wayne.heili@ur-energyusa.com">wayne.heili@ur-energyusa.com</a>       |
| Bill Boberg*           | Ur-Energy, Inc.     | 720-981-4588 | <a href="mailto:bill.bogerg@ur-energyusa.com">bill.bogerg@ur-energyusa.com</a>       |
| John Cash*             | Lost Creek ISR, LLC | 307-265-2373 | <a href="mailto:john.cash@ur-energyusa.com">john.cash@ur-energyusa.com</a>           |
| Steve Hatten*          | Ur-Energy, Inc.     | 307-265-2373 | <a href="mailto:steve.hatten@ur-energyusa.com">steve.hatten@ur-energyusa.com</a>     |
| Mike Gaither*          | Ur-Energy, Inc.     |              | <a href="mailto:mike.gaither@ur-energyusa.com">mike.gaither@ur-energyusa.com</a>     |
| Charles Kelsey*        | Ur-Energy, Inc.     | 307-265-2373 | <a href="mailto:charles.kelsey@ur-energyusa.com">charles.kelsey@ur-energyusa.com</a> |
| Steve Cohen            | HQ NRC              | 301-415-7182 | <a href="mailto:stephen.cohen@nrc.gov">stephen.cohen@nrc.gov</a>                     |
| Tanya Oxenberg         | HQ NRC              | 301-415-6142 | <a href="mailto:tanya.oxenberg@nrc.gov">tanya.oxenberg@nrc.gov</a>                   |
| John L. Saxton         | HQ NRC              | 301-415-0697 | <a href="mailto:john.saxton@nrc.gov">john.saxton@nrc.gov</a>                         |
| Doug Mandeville        | HQ NRC              | 301-415-0724 | <a href="mailto:doug.mandeville@nrc.gov">doug.mandeville@nrc.gov</a>                 |
|                        |                     |              |                                                                                      |
|                        |                     |              |                                                                                      |
|                        |                     |              |                                                                                      |
|                        |                     |              |                                                                                      |
|                        |                     |              |                                                                                      |
|                        |                     |              |                                                                                      |
|                        |                     |              |                                                                                      |
| *Attended by telephone |                     |              |                                                                                      |

MEETING AGENDA  
Lost Creek ISR, LLC  
May 31, 2011

MEETING PURPOSE: Discuss Second Draft License.

MEETING PROCESS:

| Time       | Topic                                  | Lead      |
|------------|----------------------------------------|-----------|
| 1:00 p.m.  | Introductions                          | All       |
|            | Discussion of Draft License Conditions | All       |
| 3: 30 p.m. | Summary of Action Items                | Moderator |
|            | Public Comment/Questions               | Moderator |
| 4:00 p.m.  | Adjourn                                |           |