

October 4, 2011

Mr. Oscar Paulson, Facility Supervisor  
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SUBJECT: FIVE-YEAR POSTPONEMENT OF IMPLEMENTATION OF  
DECOMMISSIONING, KENNECOTT URANIUM COMPANY, SWEETWATER  
URANIUM PROJECT, MATERIALS LICENSE SUA-1350 (TAC J00648)

By letter dated June 1, 2011, Kennecott Uranium Company (KUC) submitted, to U.S. Nuclear Regulatory Commission (NRC) staff, a request for a 5-year postponement of the implementation of the requirements of Timeliness in Decommissioning (10 CFR40.42(d)) for the Sweetwater uranium mill licensed under Materials License SUA-1350. KUC placed the Sweetwater mill on standby status in April 1983, before the Timeliness in Decommissioning Rule became effective in 1994. After a request by KUC, the NRC granted the first 5-year postponement of decommissioning, by letter dated June 18, 1996. By letters dated July 7, 2001, and September 25, 2006, NRC granted a second and third 5-year postponement of decommissioning, respectively.

NRC staff has reviewed KUC's June 1, 2011, postponement request and has determined that a fourth 5-year postponement should be granted, as allowed by 10 CFR 40.42(f). In its review, the staff determined that this postponement is not detrimental to public health and the environment and is in the public interest, as discussed below. It should be noted that a letter from NRC staff to the National Mining Association dated February 16, 1996, stated that there is no limit to the number of extensions that can be granted.

#### 1. Record of Regulatory Compliance

During standby operations, the facility has a record of regulatory compliance with all applicable State and Federal regulations including those of the NRC and Wyoming Department of Environmental Quality (WDEQ). NRC staff's September 25, 2006, postponement indicated that no violations were noted between 2001 and 2006. During this current review, NRC staff did not find any violations during the 2007 inspection (NRC Inspection Report 040-08584/07-001) and only one violation in the 2009 inspection (NRC Inspection Report 040-08584/2009-001). The violation was cited for failure to collect all groundwater monitoring well sample, as stipulated by the license. This violation was treated as a Non-Cited Violation (NCV), consistent with Section VI.A of the Enforcement Policy. KUC has been actively reclaiming groundwater and soils contaminated with radionuclides and organic compounds.

## 2. Public Health and Safety

The site is maintained in a manner that is protective of public health and the environment. NRC staff reviewed KUC submittals of Semi-Annual 10 CFR 40.65 Reports from 2007 to 2010. All Semi-Annual 10 CFR 40.65 reports do not report any public doses in excess of 10 CFR 20.1301 and 10 CFR 20.1302 limits. In the February 24, 2011, Semi-Annual 10 CFR 40.65 report, the licensee reported that the public doses were zero. Based on its review of the most recent 10 CFR .... reports, the staff has determined that public doses were below the regulatory limits of 10 CFR 1301 and 10 CFR 1302.

NRC staff also reviewed KUC's annual ALARA Audit reports from 2007 to 2010. The annual ALARA Audit report focuses on the occupational radiation safety aspects of the Radiation Protection Program. In the most recent Annual ALARA Audit Report, dated February 24, 2011, the licensee indicated that external gamma radiation surveys were less than 5.0 mR/Hr and no radiation posting was necessary. The licensee also reported the maximum exposed individual was estimated at 0.138 rem per year. This is below the regulatory limit of 5000 mrem per year. Based on its review of the most recent ALARA reports, the staff has determined that the occupational exposures were minimal due to suspension of operations.

## 3. Resumption of Operations

The general condition of the facility is well maintained. Equipment appears to be kept in good working condition and no visual damage or decay was observed during a tour visit in 2009 by NRC staff. Structures appear to be intact with no visual observation of decay. Kennecott staff maintains regular care and maintenance of the facility. The staff notes that equipment, structures, and components may need to be added or updated to operate the facility. A Bureau of Land Management Record of Decision for the Jackpot Mine was issued and a WDEQ Permit to Mine (Permit to Mine No. 660) was issued June 26, 1996. The Jackpot Deposit and the Big Eagle Mine on Green Mountain are part of the Green Mountain Mining Venture (GMMV). GMMV is owned by Kennecott Uranium Company and Wyoming Coal Resource Company (a Kennecott Uranium Company affiliate). KUC indicated that the current Uranium Exchange (UX) spot market price is \$56.50 per pound as of May 9, 2011. NRC staff has determined that KUC can resume operations pending License Condition 9.4.

## 4. Financial Surety

The current financial surety amount is \$10,318,000.00, as described in NRC's letter dated October 7, 2010, and supplemented by an email dated October 12, 2010. This surety amount includes costs for catchment basin reclamation work that was completed previously. In a letter dated July 25, 2011, from KUC to NRC, KUC is requesting an update of the financial surety from \$10,318,000.00 to \$10,686,214.00. This request is currently under review by NRC staff. Based on the most recent surety review, the staff has determined that KUC has sufficient funds available for decommissioning.

O. Paulson

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If you have any questions regarding this letter, please contact me at (301) 415-6252 or by email at [James.Webb@nrc.gov](mailto:James.Webb@nrc.gov).

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

Sincerely,

**/RA/**

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Decommissioning and Uranium Recovery  
Licensing Directorate  
Division of Waste Management  
and Environmental Protection  
Office of Federal and State Materials  
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Docket No.: 40-8584  
License No.: SUA-1350

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Sincerely,

**/RA/**

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Uranium Recovery Licensing Branch  
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Docket No.: 40-8584  
License No.: SUA-1350

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