

March 21, 2013

Mr. Jon Winter
Manager, Wyoming Environmental
and Regulatory Affairs
Uranium One Americas, Inc.
907 N. Poplar Street, Suite 260
Casper, WY 82601

SUBJECT: URANIUM ONE, USA, INC., WILLOW CREEK PROJECT, CAMPBELL AND
JOHNSON COUNTIES, WYOMING, SOURCE MATERIALS LICENSE
SUA-1341, REQUEST FOR ADDITIONAL INFORMATION, ANNUAL SURETY
ESTIMATE ADJUSTMENT (TAC NO. J00691)

Dear Mr. Winter:

The U.S. Nuclear Regulatory Commission (NRC) received the Uranium One, USA, Inc., Willow Creek Project, Irigaray and Christensen Ranch Annual Report dated September 2012. Contained within the report was the annual surety update for the Willow Creek Project. The report was made publicly available in the NRC's Agencywide Documents Access and Management System (ADAMS) on October 11, 2012 and can be found at ML122850355.

NRC staff requires additional information from Uranium One, USA, Inc., in order to complete the surety review. The request for additional information is provided in the enclosure. Within 30 days, please either provide the information requested or inform us of the date you expect to provide the information. We are available to meet with you to discuss the requested information.

If you have any questions concerning this letter, please contact me, either by telephone at (301) 415-7777, or by e-mail at ron.linton@nrc.gov.

J. Winter

2

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

Sincerely,

/RA/

Ron C. Linton, Project Manager
Uranium Recovery Licensing Branch
Division of Waste Management
and Environmental Protection
Office of Federal and State Materials
and Environmental Management Programs

Docket No.: 040-08502

License No.: SUA-1341

Enclosure:
Request for Additional Information

cc: Mike Ploughe P.G. (WDEQ)

J. Winter

2

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

Sincerely,

/RA/

Ron C. Linton, Project Manager
Uranium Recovery Licensing Branch
Division of Waste Management
and Environmental Protection
Office of Federal and State Materials
and Environmental Management Programs

Docket No.: 040-08502
License No.: SUA-1341

Enclosure:
Request for Additional Information

cc: Mike Ploughe P.G. (WDEQ)

Distribution:

KKline LGersey, RIV BSpitzberg, RIV

ML13077A192

OFC	DURLD	DURLD	DURLD	DURLD	DURLD
NAME	RLinton	BGarrett	RAugustus	BVonTill	RLinton
DATE	3/19 /13	3/19/13	3/19/13	3/20/13	3/21/13

OFFICIAL RECORD COPY

**Request for Additional Information (RAI) for
the Annual Surety Update for Uranium One USA Inc.,
Willow Creek Project**

- (1) Update unit costs based on Wyoming Department of Environmental Quality (WDEQ) Guideline 12 (Nov. 2010) to reflect unit costs from WDEQ Guideline 12 (Oct. 2012) (NUREG-1569, Section 6.5)**

The basis for a substantial portion of the unit costs relied on in the cost estimate come from WDEQ Guideline 12 (Nov. 2010). WDEQ Guideline 12 has been revised twice since the November 2010 version, once in November 2011, and again in October 2012. NUREG-1569 states that surety values should be based on current dollars and reasonable values for the costs of various activities. The cost estimate may not account for the full cost of decommissioning if the unit costs are outdated. NRC staff requests the licensee update the surety estimate to reflect the October 2012 WDEQ Guideline 12.¹

- (2) Revise or justify miscellaneous costs (Appendix C of NUREG-1569)**

Appendix C of NUREG-1569 calls for itemized estimated costs associated with engineering design, review, and change; quality control; and radiological safety. The cost estimate does not appear to include such costs. Unless engineering design, review, and change; quality control; and radiological safety are fully included, the cost estimate may not account for the full cost of decommissioning. NRC staff requests the licensee revise or justify its cost estimate as necessary to reflect engineering design, review, and change; quality control; and radiological safety.

- (3) Confirm that credit for salvage value is not included in the surety estimate (Appendix C of NUREG-1569)**

Appendix C of NUREG-1569 states that, "Credit for salvage value is generally not acceptable in the estimated costs." The reclamation surety bond estimate does not explicitly specify whether or not credit is taken for salvage value in the cost estimate. NRC staff requests the licensee confirm that the cost estimate does not include credit for salvage value.

- (4) Confirm that costs related to restoration at mine units 2 through 6 are fully included in the surety estimate (Appendix C of NUREG-1569)**

Appendix C of NUREG-1569 states that, "The water treatment equipment used during the uranium recovery phase of the operation is generally suitable for the restoration phase. The capital cost of this equipment is usually absorbed during the initial stages of the operation, leaving only the costs of operation, maintenance, and replacement filters for the restoration phase. However, if additional equipment will be required for restoration, associated costs should be detailed here. Replacement costs of some water treatment equipment may need to be included in the surety if the equipment used for restoration is near the end of its serviceable

¹ NRC staff recognizes that the November 2011 WDEQ Guideline 12 was the most up to date version available at the time that the 2012-2013 cost estimate was prepared.

life.” The NRC staff observed during NRC inspections that all of the wellfield module header houses for mine unit (MU) 6 have been removed and used in MU7 for operations, leaving no functioning module header houses in MU6. If additional groundwater restoration is required, these header houses would need to be replaced. Additionally, NRC staff observed during NRC inspection that module header houses in MUs 2 through 5 are in various states of disrepair and would likely not be usable in their current condition for ground water restoration should it be required. NRC staff requests the licensee revise or justify its restoration cost estimate as necessary for MUs 2 through 6 to ensure wellfield module header houses, header house equipment, and well field equipment would be fully functional, if required for additional restoration.

(5) Confirm that costs related to decommissioning are fully included in the surety estimate (Appendix C of NUREG-1569 and Regulatory Guide, 4.22)

Regulatory Guide 4.22 states that, “Under the DPR [Decommissioning Planning Rule], licensees of operating facilities are required to minimize contamination and radioactive waste generation, conduct appropriate radiological surveys including of the subsurface, maintain records of residual radioactivity, and provide adequate funding to complete decommissioning.” Regulatory Guide 4.22 further states: “An intent of the DPR is to encourage licensees to develop plans that will identify contamination as it occurs rather than wait until license termination when significant amounts of previously unknown contamination can result in sizable cost and time overruns during decommissioning.” NRC staff requests the licensee review Regulatory Guide 4.22 in the context of the DPR and determine if additional decommissioning funds are required to perform radiological surveys and if additional decommissioning funds are required in the surety for removal of residual radioactivity.²

² NRC staff recognizes that Regulatory Guide was published after the time that the 2012-2013 cost estimate was prepared.