

February 21, 2014

Mr. John Cash
Lost Creek ISR, LLC
5880 Enterprise Drive, Suite 200
Casper, WY 82609

SUBJECT: REPLY TO LOST CREEK'S RESPONSES TO U.S. NUCLEAR REGULATORY COMMISSION'S REQUEST FOR ADDITIONAL INFORMATION ON THE 2013/2014 FINANCIAL ASSURANCE UPDATE; LOST CREEK IN SITU RECOVERY PROJECT SOURCE AND BYPRODUCT MATERIALS LICENSE SUA-1598 (TAC J00715)

Dear Mr. Cash:

By letter dated October 22, 2013 (ADAMS Accession No. ML13304A504), Lost Creek ISR, LLC (Lost Creek) submitted its 2013/2014 annual financial assurance update to the U.S. Nuclear Regulatory Commission (NRC) for the Lost Creek ISR facility pursuant to License Condition 9.5 of its NRC Source and Byproduct Materials License SUA-1598. By letter dated December 24, 2013 (ML13357A184), NRC staff issued a request for additional information (RAI) on the update to Lost Creek. By letter dated February 3, 2014 (ML14029A174), Lost Creek submitted responses to staff's RAI.

Staff has reviewed the responses and finds them acceptable except for the following:

Comment 8

Staff finds the response inadequate.

Lost Creek response to Staff's RAI was that errors were corrected. Although errors were corrected, the response did not address staff's RAI (i.e., basis for the change). In brief, the calculations in question are those for the decontamination, removal and disposal of the plant interior equipment. The revised total cost estimate of \$30,499 appears to grossly underestimate the total cost based on the fact that other licensees estimate between \$250K and \$500K or more for similar activity.

Please provide justification for the cost estimate. If the costs are summarized elsewhere in the calculations (e.g., removal of the dryers), let us know.

Comment 11

Staff finds the response adequate with the below listed caveat.

The Table supplied in Lost Creek's response verifies the calculations for the first 11 header house for Mine Unit 1; however, the total area of 55.56 acres for Mine

Unit 1 poses a dilemma. By License Condition 11.3A, Lost Creek is required to have a minimum density of one baseline well per four acres. NRC's understanding is that Mine Unit 1 has 13 baseline wells, which, using the required minimum density of baseline wells, yields a maximum total area for Mine Unit 1 of 52 acres. The total area as listed in the surety, if Lost Creek were to operate in such an area, would be a violation of the license with the current number of baseline wells.

Comment 12

Staff finds the response adequate with the below listed condition.

Lost Creek's responses and use of 16.9 feet rather 18 feet is acceptable for this annual surety update provided that, in next year's surety update, Lost Creek agrees to document the rationale and justification as to why production wells should not be included in determining the thickness of the impacted aquifer. At the very least, using production wells that are screened over multiple horizons will increase the vertical flare.

Comment 13

Staff finds the response adequate.

Staff agrees to the licensee's request for one-year extension to complete a detailed evaluation of the flare factor.

Comment 14

Staff finds the response inadequate.

The surety needs to include all costs for a third party to complete the decommissioning. Lost Creek proposes that the difference between existing disposal capacity and that used in the surety calculations can be made up by using other (unapproved) disposal methods including enhanced evaporation, modifying the deep disposal permit or an unspecified effluent release. A third party would have to submit a license amendment request for those other disposal methods which would incur costs and time. The surety needs to include costs to cover the permit/license modification/amendment and include any additional operating costs. Furthermore, the licensee needs to confirm with adequate documentation that the other disposal methods are viable. For example, while a discharge of effluent meeting 10 CFR Part 20 limits are acceptable to NRC, an effluent discharge as a point source may not be allowable through the Clean Water Act (see 40 CFR 440.34(b)(1)).

Please provide a revised financial assurance update and/or justification for your calculations to address the above within 30 days of receipt of this letter.

J. Cash

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In accordance with 10 CFR 2.390 of the NRC's "Agency Rules of Practice and Procedure", 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 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>.

If you have any questions, please contact John Saxton, the Project Manager for Source and Byproduct Material License SUA-1598, at 301-415-0697 or by e-mail at John.Saxton@nrc.gov.

Sincerely,

/RA/

John Saxton, 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

License No.: SUA-1598

cc: M. Bautz, WDEQ

J. Cash

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If you have any questions, please contact John Saxton, the Project Manager for Source and Byproduct Material License SUA-1598, at 301-415-0697 or by e-mail at John.Saxton@nrc.gov.

Sincerely,

/RA/

John Saxton, 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

License No.: SUA-1598

cc: M. Bautz, WDEQ

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