



**UNITED STATES
NUCLEAR REGULATORY COMMISSION**
REGION IV
1600 E LAMAR BLVD
ARLINGTON, TX 76011-4511

September 08, 2014

EA-14-066

Donna L. Wichers, President
Uranium One USA, Inc.
907 North Poplar Street, Suite 260
Casper, Wyoming 82601

SUBJECT: NRC INVESTIGATION REPORT NO. 4-2013-043 AND NOTICE OF VIOLATION

Dear Ms. Wichers:

This letter refers to an investigation completed on April 25, 2014, by the U.S. Nuclear Regulatory Commission (NRC), Office of Investigations, Region IV. The purpose of the investigation was to determine whether personnel at Uranium One USA, Inc. (Uranium One), willfully failed to comply with the requirements of NRC license SUA-1341 regarding the commitments made in response to an NRC Confirmatory Action Letter dated July 5, 2012 (ML12187A734¹). NRC staff discussed the results of this investigation with you and other members of your staff during a telephonic exit briefing on August 22, 2014.

During the investigation, Uranium One's documentation of its drum processing, between November 2012 and July 2013, was reviewed. The documentation revealed that 56 drums were processed at drumming rates of less than 4.5 hours per drum (barrel) as required by NRC Materials License No. SUA-1341. The NRC determined that the licensee demonstrated that the 56 drums were left unsealed for 24 hours prior to the lids being secured onto the drums as required by procedure. Once sealed, the drums were inspected for over-pressurization prior to shipment as required by procedures implemented by the licensee in response to a June 23, 2012, event in which yellowcake powder was ejected from an over-pressurized drum at the Cameco Blind River facility in Ontario, Canada. The procedures implemented by the licensee after the June 23 event are documented in a letter from Uranium One to the NRC dated September 21, 2012 (ML12268A270).

Based on the evidence gathered during the investigation, the NRC has concluded that no willful actions were associated with Uranium One's implementation of its license requirements. However, the NRC has concluded that a violation of NRC requirements occurred. The violation involves the failure to ensure that yellowcake was processed in accordance with condition 9.6 of NRC Materials License No. SUA-1341. Specifically, the licensee failed to use a drumming rate

¹ Designation in parentheses refers to an Agencywide Documents Access and Management System (ADAMS) accession number. Unless otherwise noted, documents referenced in this letter are publicly available using the accession number in ADAMS.

of at least 4.5 hours per barrel in accordance with procedure IR-12, "Drypack - Yellowcake Drying and Drumming." The violation is cited in the enclosed Notice of Violation (Notice) and the circumstances surrounding it are described in detail below. This violation was evaluated in accordance with the NRC Enforcement Policy which is included on the NRC's Web site at <http://www.nrc.gov/about-nrc/regulatory/enforcement/enforce-pol.html>.

The violation is being cited because the drumming rate was recorded and readily available to the licensee and, although the licensee identified the violation, the licensee failed to take immediate corrective actions that would have prevented additional drums from being filled in less than 4.5 hours. This failure resulted in 55 drums of yellowcake being processed with a drumming rate between 4 hours and 4 hours and 25 minutes, and one drum being processed at a drumming rate of 3 hours and 40 minutes.

The NRC has determined that the failure to ensure that yellowcake was processed in accordance with license condition 9.6 created the potential for more than minor safety consequences and is best characterized, absent willfulness, at Severity Level IV, consistent with Example 6.3.d.3 of the Enforcement Policy. In characterizing the violation, the NRC also considered that the licensee successfully implemented corrective actions that involved the lidding time and enhanced visual inspection.

You are required to respond to this letter and should follow the instructions specified in the enclosed Notice when preparing your response. The guidance in NRC Information Notice 96-28, "Suggested Guidance Relating to Development and Implementation of Corrective Action," may be helpful. You can find the Information Notice on the NRC website at: <http://www.nrc.gov/reading-rm/doc-collections/gen-comm/info-notices/1996/in96028.html> If you have additional information that you believe the NRC should consider, you may provide it in your response. The NRC will use your response, in part, to determine whether further enforcement action is necessary to ensure compliance with regulatory requirements.

In accordance with Title 10 of the *Code of Federal Regulations* (10 CFR) 2.390, "Public Inspections, Exemptions, Requests for Withholding," of the NRC's "Rules of Practice and Procedure," a copy of this letter, Enclosure 1, and your response will be made available electronically for public inspection in the NRC Public Document Room or from the NRC's Agencywide Documents Access and Management System (ADAMS), accessible from the NRC Web site at <http://www.nrc.gov/reading-rm/adams.html>. To the extent possible, your response should not include any personal privacy or proprietary 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, 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 information, 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).

D. L. Wichers

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Should you have any questions concerning this matter, please contact Ray Kellar, Chief, Repository and Spent Fuel Safety Branch. Mr. Kellar may be reached at 817-200-1191.

Sincerely,

/RA/

Mark R. Shaffer, Director
Division of Nuclear Materials Safety

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

Enclosures:
Notice of Violation
cc w/encl: Wyoming Radiation
Control Program Director

D. L. Wichers

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Docket No. 040-08502
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cc w/encl: Wyoming Radiation
Control Program Director

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OFFICIAL RECORD COPY

NOTICE OF VIOLATION

Uranium One USA, Inc.
Casper, Wyoming

Docket No. 040-08502
License No. SUA-1341
EA-14-066

During an NRC investigation completed on April 25, 2014, a violation of NRC requirements was identified. In accordance with the NRC Enforcement Policy, the violation is listed below:

License Condition 9.6 of NRC License Number SUA-1341, Amendment No. 22, dated June 7, 2012 and License Condition 9.6, of NRC License Number SUA-1341, dated March 7, 2013 (renewal), require, in part, that written standard operating procedures shall be established and followed for all operational process activities involving radioactive materials that are handled, processed, stored, or transported by the licensee at or between the Irigaray and Christensen Ranch sites.

Uranium One USA, Inc., Standard Operating Procedure IR-12, "Drypack - Yellowcake Drying and Drumming," Revision 9, dated September 25, 2012, and Revision 10, dated November 5, 2012, state, in part, that the drumming rate must be at least a minimum of 4.5 hours per barrel.

Contrary to the above, between November 4, 2012, and July 26, 2013, the licensee failed to process yellowcake with at least a minimum of 4.5 hours drumming rate per barrel. Specifically, the licensee processed 55 drums of yellowcake with a drumming rate between 4 hours and 4 hours and 25 minutes, and one drum processed at a drumming rate of 3 hours and 40 minutes.

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 30 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; EA-14-066" 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; and (4) the date when full compliance was or 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 requiring information 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.

Enclosure

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, United States Nuclear Regulatory Commission, Washington, DC 20555-0001.

Your response will be made available electronically for public inspection in the NRC Public Document Room or in the NRC's Agencywide Documents Access and Management System (ADAMS), accessible from the NRC Web site at: <http://www.nrc.gov/reading-rm/adams.html>. To the extent possible, your response should not include any personal privacy, 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.

Dated this 08 day of September 2014