



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

November 30, 2015

Mr. Michael Griffin
Vice President of Permitting, Regulatory
and Environmental Compliance
Strata Energy, Inc.
P.O. Box 2318
Gillette, WY 82717-2318

**SUBJECT: NRC INSPECTION 040-09091/15-001 AND AUTHORIZATION TO BEGIN
IN-SITU URANIUM RECOVERY OPERATIONS**

Dear Mr. Griffin:

The U.S. Nuclear Regulatory Commission (NRC) conducted a preoperational team inspection at Strata Energy Inc.'s Ross In-Situ Uranium Recovery (ISR) Project in Crook County, Wyoming, during November 2-5 and November 22-24, 2015. Pursuant to License Condition 12.6 of Materials License SUA-1601, the purpose of the inspection was to confirm that written operating procedures and approved radiation safety and environmental monitoring programs are in place, and to verify that preoperational testing was complete. The inspectors interviewed site personnel, observed the facility, and comprehensively reviewed procedures and program manuals for compliance with applicable regulations, license conditions, and license application.

The inspection team concluded that Strata Energy, Inc. has established programs that are protective of site workers, the public, and the environment at the Ross ISR Project. These programs include management oversight and audits, routine site inspections, plant operations, radiation protection, effluent, and environmental monitoring, groundwater monitoring, radioactive materials transportation, radioactive waste handling, and emergency preparedness. In particular, the licensee has:

- Constructed the plant and associated site systems up to the ion exchange columns, including wellfields, indicating that the plant is physically capable of conducting in-situ uranium recovery operations
- Filled management-level and plant support positions (health physics, laboratory, environmental monitoring, and operations) with trained and qualified staff
- Established and implemented the performance-based license process and a quality assurance/quality control program
- Established procedures for plant operations, wellfield operations, routine and non-routine reporting, and incident investigations (including spills)

- Completed construction of the first wellfield and associated header house in accordance with the approved license application
- Established and implemented radiation protection, environmental monitoring, transportation, radioactive waste handling, and emergency preparedness programs that are in compliance with regulatory and license requirements
- Established and implemented a training program that includes operations, radiation protection, and industrial safety

Based on the results of the preoperational inspection, the NRC staff has determined that the Ross ISR Project is physically ready for in-situ recovery operations up to the ion exchange columns. At the time of the preoperational inspection, the licensee planned to ship uranium-loaded resins to a nearby mill, an NRC-licensed site, for further processing.

Although licensed to construct the elution and precipitation circuits as well as the yellowcake dryer at the Ross ISR Project, as described in the license application, the licensee is not authorized by this letter to operate the elution, precipitation, and dryer systems using licensed material. If the licensee elects to construct these systems in the future, pursuant to License Condition 12.6, the NRC has to complete a preoperational inspection of the constructed systems as well as associated procedures, staff training, operational testing, and radiation safety protocols, prior to their use. In addition, the licensee has installed the groundwater treatment system (using reverse osmosis) but the inspectors were not able to verify its operation due to the lack of operational fluids requiring treatment. The groundwater treatment system is not required for normal operations but would be required for groundwater restoration, which is currently scheduled to begin in approximately two years. The NRC will review the construction and operation of this particular system during routine inspections.

This authorization is based, in part, on the fact that NRC has verified the first wellfield package by letter dated November 23, 2105 (ADAMS Accession Number ML15324A441), in accordance with License Condition 10.13, and that the financial surety is sufficient to cover costs for decommissioning and reclamation of the first wellfield up to and including the first two header houses.

In summary, Strata Energy, Inc., is authorized to commence with in-situ recovery operations at the Ross ISR Project including the wellfield injection and production circuits, ion exchange columns, water disposal pathways, and transportation of resins for further offsite processing. As noted above, Strata Energy, Inc., is not authorized to operate the elution, precipitation, and drying systems at the Ross ISR Project until the NRC has conducted an onsite review of these portions of the plant. The NRC staff will remain in contact with you to schedule any subsequent inspections to minimize any impacts on future facility operations.

Future inspections will be established in accordance with the guidance provided in NRC Manual Chapter 2641, "In-Situ Leach Facilities Inspection Program." Be advised that future inspections may be unannounced to ensure that Strata Energy, Inc., continues to operate its Ross ISR Project facility in accordance with regulatory and license requirements.

As noted earlier, the NRC conducted this team inspection, in part, to fulfill the requirements of License Condition 12.6. The results of the preoperational team inspection will be provided to you under separate correspondence at a later date.

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 Agencywide Documents Access and Management System (ADAMS). ADAMS is 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, proprietary, information so that it can be made available to the Public without redaction.

Should you have any questions concerning this letter, please contact Ms. Linda Gersey, Health Physicist, at 817-200-1299, or Dr. Robert Evans, Senior Health Physicist, at 817-200-1234.

Sincerely,

/RA/

Mark R. Shaffer, Director
Division of Nuclear Materials Safety

Docket No.: 040-09091
License No.: SUA-1601

cc: Carol Bilbrough, Wyoming Department
of Environmental Quality
Mark Rogaczewski, Wyoming Department
of Environmental Quality
Director, Wyoming Radiation Control Program

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Should you have any questions concerning this letter, please contact Ms. Linda Gersey, Health Physicist, at 817-200-1299, or Dr. Robert Evans, Senior Health Physicist, at 817-200-1234.

Sincerely,

/RA/

Mark R. Shaffer, Director
 Division of Nuclear Materials Safety

Docket No.: 040-09091
 License No.: SUA-1601

cc: Carol Bilbrough, Wyoming Department
 of Environmental Quality
 Mark Rogaczewski, Wyoming Department
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 Director, Wyoming Radiation Control Program

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