



UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D.C. 20555-0001

May 13, 2016

Mr. William P. Goranson, P.E.
EVP, In-Situ Recovery Operations
Uranerz Energy Corporation
1701 East "E" Street, Suite 100
Casper, WY 82601

SUBJECT: FEE INVOICE LFB 16-1815, URANERZ ENERGY CORPORATION

Dear Mr. Goranson:

I am writing in reply to your letter to me, dated February 15, 2016, regarding the U.S. Nuclear Regulatory Commission's (NRC) fee invoices to Uranerz Energy Corporation (Uranerz) (NRC's Agencywide Documents Access and Management System (ADAMS) Accession No. ML16070A124). In your letter, you described concerns regarding fee invoices for the Jane Dough license amendment request. The Jane Dough license amendment request, if granted, would expand uranium recovery operations at the Nichols Ranch In-Situ Recovery Project to include new wellfields in the proposed Jane Dough Unit.

Uranerz first informed the NRC staff by letter dated October 7, 2011, of its intent to submit the Jane Dough license amendment request in the fourth quarter of 2012 (ADAMS Accession No. ML11284A108). Uranerz subsequently revised its planned submittal date three times by correspondence dated November 5, 2012, April 15, 2013, and December 9, 2013 (ADAMS Accession Nos. ML12319A464, ML13107B048, and ML13364A117). The uncertainty in Uranerz' submission date contributed to the NRC staff not having resources immediately available to begin an acceptance review when Uranerz submitted its Jane Dough license amendment request on May 8, 2014 (ADAMS Accession No. ML14164A274). On August 11, 2014, the NRC staff assigned resources, and began its acceptance review of the Jane Dough license amendment request (ADAMS Accession No. ML14251A346).

In your letter, you described the 15-month timeline and cumulative fees for the NRC staff's acceptance review of the Jane Dough license amendment request started on August 11, 2014. Uranerz' initial license amendment request did not provide complete information necessary for the NRC staff to begin a detailed technical review. By letter dated November 25, 2014 (ADAMS Accession No. ML14317A447), the NRC staff informed Uranerz that its license amendment request, which it revised on October 29, 2014 (ADAMS Accession No. ML14309A118), was deficient and could not be accepted due to lack of sufficient information. The NRC staff asked Uranerz to submit a revised Jane Dough license amendment request within 60 days. The NRC staff and Uranerz held meetings to discuss the deficiencies on December 9, 2014 (ADAMS Accession No. ML14345A959), and February 4, 2015, (ADAMS Accession No. ML15041A734). By letter dated January 19, 2015, Uranerz informed the NRC staff that it would provide a revised application by the end of February 2015 (ADAMS Accession No. ML15189A458). Uranerz submitted its revised application on April 13, 2015 (ADAMS Accession No. ML15118A122), six weeks later than it initially anticipated. Uranerz submitted additional minor changes and additions to its amendment request on June 26, 2015 (ADAMS Accession No. ML15182A013).

The NRC staff accepted the revised Jane Dough license amendment request on August 10, 2015 (ADAMS Accession No. ML15189A458).

In your letter, you stated that it was Uranerz' understanding, with regard to the 15-month acceptance review process, that the additional work and data submitted by Uranerz on April 13, 2015, would "minimize technical review timelines and costs." As described above, the NRC staff has minimized its review timeline and costs by raising significant technical issues early in the review process. The deficiencies identified by the NRC staff pertained to a lack of consistent and complete descriptions of how Uranerz would recover uranium in areas where the AB mudstone aquitard overlying the mineralized zone thins, or is absent. Resolution of these issues has required, and will continue to require, more NRC staff effort to review than, for example, a review of an in-situ recovery operation with thick, well-characterized, and regionally-extensive aquitards above and below the mineralized zone.

The NRC staff's efforts since the Jane Dough license amendment request was accepted on August 10, 2015, have focused on its detailed technical and environmental reviews. This activity has resulted in an increase in fees in the first and second quarter 2016 invoices following acceptance of the license amendment request. For example, the staff has expended effort early in the project, prior to issuing the January 21, 2016, request for additional information, to complete draft sections of the safety evaluation report and environmental assessment. This practice reduces the likelihood of additional requests and expanded costs later in the project, provided Uranerz provides complete responses to the request for additional information.

In your letter, you stated that Uranerz was "unaware that a contractor was being utilized for environmental review work until the charges were presented on the invoice for the Part 170 fees." The NRC contractor has participated in meetings with Uranerz since December 2014, as noted in a meeting summary for a December 9, 2014, meeting (ADAMS Accession No. ML14345A959) and a summary of a September 15, 2015, site visit where the contractor met with Uranerz staff and toured the site (ADAMS Accession No. ML16019A210). As a result, contractor costs on the Jane Dough license amendment project have been included under cost activity code J00875 since the second quarter of 2015 (September 21, 2014, to December 27, 2014). In response to your request for a description of the scope of work for any contractor that is engaged on your license, my staff will contact Uranerz separately.

In your letter, you requested a detailed accounting of the "4th Quarter Part 170 fees" for all the work charged to the invoice. To clarify, NRC bills licensees in billing quarters starting with the quarter before the beginning of the fiscal year. This means that the second quarter 2016 fee invoices include the period from September 20, 2015, to December 26, 2015. The second quarter 2016 fee invoice (LFB 16-1815) includes fees for staff and contractor efforts to draft chapters of a Safety Evaluation Report (SER) and an Environmental Assessment (EA) in support of the Jane Dough license amendment request. Specifically, the NRC staff and its contractor developed draft chapters of these documents and prepared requests for additional information, issued on January 21, 2016, to address insufficient or incomplete information needed to complete the SER and EA (ADAMS Accession No. ML16013A407). The scope of work for the environmental review contractor, the Center for Nuclear Waste Regulatory Analysis, includes preparation of an Environmental Assessment, which also includes assistance to the NRC staff on meeting its obligations under Section 106 of the National Historic Preservation Act.

Finally, you requested periodic calls between your staff and the NRC project managers to discuss current work progress on the Jane Dough license amendment request. The NRC strives to maintain open channels of communication. I understand that my staff has agreed to arrange telephone calls with your staff every two weeks, or as often as you request. I agree that such calls, consistent with the Commission's Policy Statement on Enhancing Public Participation in NRC Meetings (67 FR 36920, dated May 28, 2002) will improve communications about NRC staff progress on your project and provide you with information to allow Uranerz to forecast future costs to review the Jane Dough license amendment request.

If you have additional questions regarding work performed by the NRC staff or NRC contractors on the Jane Dough license amendment request, please contact David Brown of my staff by telephone at (301) 415-7677 or by e-mail at David.Brown@nrc.gov.

Sincerely,

/RA/

Scott W. Moore, Acting Director
Office of Nuclear Material Safety
and Safeguards

Docket No. 040-09067
License No. SNM-1597

cc: Maureen Wylie, OCFO

W. Goranson

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Sincerely,

/RA/

Scott W. Moore, Acting Director
Office of Nuclear Material Safety
and Safeguards

Docket No. 040-09067
License No. SNM-1597

cc: Maureen Wylie, OCFO

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ADAMS Accession No.: **ML16105A274**

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