



September 26, 2016

via email and FedEx

U.S. Nuclear Regulatory Commission
Attn: Document Control Desk
Washington DC, 20555-0001

RE: Source Materials License SUA-1341, Docket Number 040-08502
Willow Creek Uranium Project
NRC Inspection Report 040-08502/16-001 - Reply to Notice of Violation

Dear Sir/Madam:

On July 26-28, 2016 NRC conducted an "announced routine" inspection at the Willow Creek Project. As described in the Inspection Report and Notice of Violation dated August 26, 2016, one violation of NRC requirements was identified. The violation was identified as Severity Level IV, which are characterized as less serious, but more than a minor concern.

Attached, please find Uranium One USA, Inc's response to the Notice of Violation. If you have any questions, or need additional information, please contact me by phone at (307) 233-6330 or email at scott.schierman@uranium1.com.

Sincerely,

A handwritten signature in black ink, appearing to read 'Scott L. Schierman'.

Scott L. Schierman
HSE Manager/RSO
Uranium One Americas

Cc NRC Regional Administrator, Region IV
Greg Kruse – Manager U.S. Operations
Rick Kukura- Mine Manager
Ron Linton – NRC Willow Creek Project Manager

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RGN-IV

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Reply to Notice of Violation

Violation (1)

Title 10 CFR 40.41 requires, in part, that each person licensed by the Commission pursuant to the regulations in this part shall confine his possession and use of source or byproduct material to the locations and purposes authorized in the license. License SUA-1341, Condition 10.1, states that the licensee shall maintain an inward hydraulic gradient by maintaining a bleed in each individual wellfield starting when lixiviant is first injected into the production zone and continuing until groundwater restoration stability monitoring has begun.

Contrary to the above, between mid-June 2015 and July 28, 2016, the licensee failed to maintain a bleed in Wellfield 5-2. The licensee was required by the license to maintain a bleed on Wellfield 5-2 because the groundwater restoration stability monitoring phase had not begun in this wellfield.

This is a Severity Level IV violation (Section 6.3)

Reason for Violation

Uranium One had mistakenly utilized the bi-weekly sampling results collected from Wellfield 5-2 parameter wells to indicate trending for the UCL parameters to determine if an inward gradient was being maintained. Uranium One did not observe any increasing trends in any of the UCL parameters collected from the bi-weekly monitor wells sampled during the period from mid-June 2015 through July 28, 2016.

Corrective Steps Taken

Uranium One began pumping well number 5AQ54-1 in Wellfield 5-2 on July 29, 2016 to comply with License Condition 10.1 to maintain an inward hydraulic gradient by maintaining a bleed until groundwater restoration stability monitoring has begun in this wellfield.

Corrective Steps That Will Be Taken

The necessity for maintaining an inward hydraulic gradient was reviewed with Operations and HSE personnel. The use of a bleed along with the continued evaluation of the bi-weekly and quarterly UCL parameter results for upward trends will provide compliance with License Condition 10.1 for maintaining a bleed to maintain inward hydraulic gradient, and 10 CFR 40.41 in that the licensee will continue to confine possession and use of source or byproduct material to the locations and purposes as authorized in the license.

Date Full Compliance Will be Achieved

Full compliance was achieved on July 29, 2016 when a bleed was established for Wellfield 5-2 to maintain an inward hydraulic gradient.