



UNITED STATES
NUCLEAR REGULATORY COMMISSION

REGION IV
URANIUM RECOVERY FIELD OFFICE
BOX 25325
DENVER, COLORADO 80225

FEB 11 1991

URFO:GRK
Docket No. 40-8958
Docket No. 40-8783
04008958020E
04008783550E

MEMORANDUM FOR: Docket File No. 40-8958
Docket File No. 40-8783

FROM: Gary R. Konwinski, Project Manager

SUBJECT: TERMINATION OF RUTH R&D LICENSE (SUA-1401) AND
MODIFICATION OF RUTH COMMERCIAL LICENSE (SUA-1539)

By letter dated January 17, 1991, Uranerz, U.S.A., Inc. (Uranerz) submitted an amendment request to terminate the Ruth R&D license, incorporate appropriate Ruth R&D license conditions into the Ruth commercial license, and amend the Ruth commercial license to state that certain operational requirements need not become effective until operations actually begin.

A commercial Source Material License, SUA-1539, was issued to Uranerz on December 21, 1990. This license authorizes the operation of the Ruth site on a commercial scale. However, the plans to begin operation at the Ruth site are as of yet undetermined. Because of this situation, Uranerz has requested that license conditions in Source Material License SUA-1539, that discuss operational monitoring and reporting, be modified to require no action until development of commercial operations begins. This request represents a normal operating practice, and it is recommended that the commercial license be modified to incorporate such a statement.

Uranerz has also proposed that the Ruth R&D license be terminated. The termination request is appropriate considering that a commercial license exists for the Ruth site. A review of the Ruth R&D license indicates that License Condition Nos. 9, 22, 26, 27, 30, 31, 39, 41, 44, 48, and 52 are currently incorporated into the Ruth commercial license.

The statements associated with License Condition Nos. 8 and 51 dealing with the possession of residual contaminated materials and current bonding requirements,

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respectively, need to be incorporated into the commercial license. It is recommended that License Condition No. 9 of Source Material License SUA-1539 be modified to allow the possession of residual contaminated materials. Similarly, License Condition No. 34 should be modified to incorporate the current Ruth R&D bonding amount into the Ruth commercial license. The site is currently bonded with the State of Wyoming and has an approved amount incorporated into their license.

Uranerz has also requested that the "operational" reporting and monitoring requirements specified in License Condition Nos. 14, 16, 35, 36, 37, 39, 40, 41, and 46 be suspended until development of the Ruth property begins. This request is reasonable in that all of these monitoring requirements represent operational functions which are not active during the current standby status of the site. Due to this, a license condition will be added to reflect the temporary suspension of these items.

Based upon the above discussion, it is recommended that License Condition Nos. 9 and 34 be revised and License Condition No. 49 be added to read as follows:

9. The authorized place of use shall be the licensee's Ruth facility in Johnson County, Wyoming. The licensee is also authorized to possess residual contaminated materials from previous research and development operations.

34. The licensee shall maintain an NRC-approved financial surety arrangement, consistent with 10 CFR 40, Appendix A, Criterion 9, adequate to cover the estimated costs, if accomplished by a third party, for completion of the NRC-approved site closure plan including: above-ground decommissioning and decontamination, the cost of offsite disposal of radioactive solid process or evaporation pond residues, and ground-water restoration. Within 3 months of NRC approval of a revised closure plan and cost estimate, the licensee shall submit, for NRC review and approval, a proposed revision to the financial surety arrangement if estimated costs in the newly-approved site closure plan exceed the amount covered in the existing financial surety. The revised surety shall then be in effect within 3 months of written NRC approval.

Annual updates to the surety amount, required by 10 CFR 40, Appendix A, Criterion 9, shall be provided to the NRC at least 3 months prior to the anniversary of the effective date of the existing surety instrument. If the NRC has not approved a proposed revision 30 days prior to the expiration date of the existing surety arrangement, the licensee shall extend the existing arrangement, prior to expiration, for 1 year. Along with each proposed revision or annual update, the licensee shall submit supporting documentation showing a breakdown of the costs and the basis for the cost estimates with adjustments for inflation, maintenance of a minimum 15 percent contingency, changes in engineering plans, activities performed, and

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any other conditions affecting estimated costs for site closure. The licensee shall also provide the NRC with copies of surety related correspondence submitted to the State of Wyoming, a copy of the State's surety review, and the final approved surety arrangement. The licensee must also ensure that the surety, where authorized to be held by the State, expressly identifies the NRC-related portion of the surety and covers the above-ground decommissioning and decontamination, the cost of offsite disposal, soil and water sample analyses, and ground-water restoration associated with the site. The basis for the cost estimate is the NRC-approved site closure plan or the NRC-approved revisions to the plan. The reclamation/decommissioning plan, cost estimates, and annual updates should follow the outline in the attachment to this license entitled, "Recommended Outline for Site Specific Reclamation and Stabilization Cost Estimates."

Uranerz U.S.A., Inc.'s currently approved surety, Bond No. 147F7633, issued by the Travelers Indemnity Company in favor of the State of Wyoming, shall be continuously maintained in an amount of not less than \$200,939.00 for the purpose of complying with 10 CFR 40, Appendix A, Criterion 9, until a replacement is authorized by both the State and the NRC.

Three months prior to the expected commencement of site construction, the licensee shall submit a surety instrument acceptable to the State of Wyoming and the NRC in an amount no less than \$4,597,813. This surety shall be written in favor of the State of Wyoming or the NRC for the purpose of complying with 10 CFR 40, Appendix A, Criterion 9, and shall be continuously maintained until a replacement is authorized by both the State and the NRC. Site construction activities shall not be commenced until the NRC and the State accept the surety arrangement.

49. Notwithstanding the above, the monitoring and reporting requirements stated in License Condition Nos. 14, 16, 35, 36, 37, 39, 40, 41, and 46 shall become effective three (3) months prior to development of the Ruth Property.

Concurrent with this licensing action, a Final Federal Register Notice announcing the termination of the Ruth R&D License SUA-1401 will be sent to Headquarters. No draft notice is necessary because all the liabilities associated with the current R&D license will remain under the commercial license.



Gary R. Konwinski
Project Manager

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