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August 20, 2007

Ms. Jacqueline D. Cook  
Senior Health Physicist  
U.S. Nuclear Regulatory Commission  
Region IV  
611 Ryan Plaza Drive, Suite 400  
Arlington, Texas 76011-8064

Re: Clarification to NRC New License Application based on August 16, 2007 Pre-License Inspection  
Docket No. 030-37410  
Control No. 471397

Dear Ms Cook:

This letter is submitted by Ur-Energy USA, Inc (URE) to the U.S. Nuclear Regulatory Commission (NRC) addressing a clarification of our New License Application, based on the August 16, 2007 pre-license inspection conducted by Mr. Anthony D. Gaines, Senior Health Physicist with the NRC. In the pre-license inspection meeting Mr. Gaines questioned if URE will be conducting geophysical logging using the neutron generator in holes with fresh water. URE will, in certain areas and circumstances, be conducting geophysical logging using the neutron generator in exploration and production boreholes that will penetrate freshwater aquifers.

In NUREG 1556 Volume 14, page 8-52, Section 8.10.12.4 "USE OF SEALED SOURCES OR NEUTRON GENERATORS IN FRESH WATER AQUIFERS" citing 10 CFR 39.63 Criteria, "the licensee is prohibited from using sealed sources or neutron generators in fresh water aquifers unless the licensee requests and receives written permission from the NRC." This letter serves as a request for written permission from the NRC to use a neutron generator source in fresh water aquifers, if URE agrees to conduct the following actions:

1. URE will obtain specific knowledge of the borehole conditions from the borehole drilling team or company; and
2. Since a caliper log is not a standard industry logging tool for uranium exploration and production, URE will first run a logging tool without a radioactive source prior to using the neutron tool to;
  - a. show the hole is open,
  - b. identify if a potential borehole problem area exists, and
  - c. confirm that the tool can be freely removed from the borehole.

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Please accept this clarification letter addressing URE compliance with NUREG 1556 Volume 14, page 8-52, Section 8.10.12.4, as a request for permission from the NRC to use a neutron generator source in fresh water aquifers, and that this letter become part of the URE New License Application. Please call me at 720-832-4455 if you have any questions regarding this submitted clarification. Again, thank you and Mr. Anthony Gaines for assistance and input in the license application and approval process.

Sincerely,

A handwritten signature in black ink that reads "Philip N. Cavendor". The signature is fluid and cursive, with the first name "Philip" and last name "Cavendor" clearly legible.

Philip N. Cavendor  
Environmental Manager/Hydrogeologist/ PG, RSO

Cc: Wayne Heili, Ur-Energy USA, Inc, Casper, WY  
Steve Hatten, Ur-Energy USA, Inc, Casper, WY  
Anthony Gaines, U.S. Nuclear Regulatory Commission