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PATHFINDER ✓

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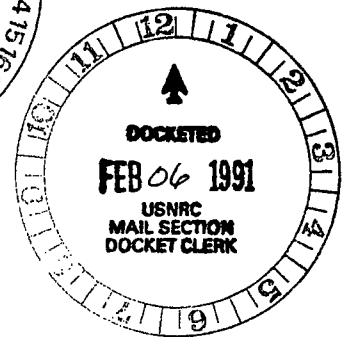
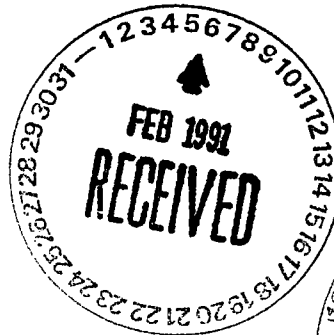
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40-8981

February 5, 1991

Mr. Ramon E. Hall
U.S. Nuclear Regulatory Commission
Uranium Recovery Field Office
P.O. Box 25325
Denver, Colorado 80225



Re: Source Material License Transfer Application
SUA-1539, Docket No. 40-8958
SUA-1540, Docket No. 40-8981

Dear Mr. Hall:

Pathfinder Mines Corporation has agreed in principle to acquire from Uranerz U.S.A., Inc. two NRC Licensed properties commonly referred to as Ruth and North Butte. As part of that agreement, Pathfinder and Uranerz U.S.A., Inc. must transfer, at the time of closing, certain necessary permits, licenses and authorizations associated with those properties, including the two licenses referenced above.

Pursuant to the requirement of 10 CFR 40.46, please find enclosed an Application for Transfer of Source Material License Ownership and supporting information. The surety arrangement for decontamination and decommissioning is being made between Pathfinder and the State of Wyoming through a U.S. bank based on the currently approved bonding levels. The amounts are described in the supporting information to the Application. Copies of the bonding documents will be forwarded to the NRC as soon as they are available.

Closing is tentatively scheduled for February 15, 1991. Both parties recognize that this is a very limited time and understand that property ownership transfer is conditioned upon written NRC

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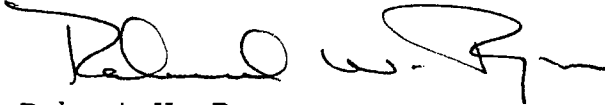
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Mr. Ramon E. Hall
February 5, 1991

authorization to transfer Source Material Licenses. We would greatly appreciate every effort you and your staff can make to provide a written authorization as close to February 15 as possible.

If I can provide you with any assistance or additional information, please don't hesitate to call.

Very truly yours,

A handwritten signature in black ink, appearing to read "Robert W. Poyser", with a stylized flourish at the end.

Robert W. Poyser
Manager, Environmental Affairs

Enclosure

**APPLICATION
FOR
TRANSFER OF SOURCE MATERIAL LICENSE OWNERSHIP
FROM
URANERZ U.S.A., INC.
TO
PATHFINDER MINES CORPORATION**

Prepared by

PATHFINDER MINES CORPORATION
7401 Wisconsin Avenue
Bethesda, Maryland 20814-3416

January 31, 1991

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APPLICATION FOR TRANSFER OF SOURCE MATERIAL LICENSE OWNERSHIP
FROM
URANERZ U.S.A., INC.
TO
PATHFINDER MINES CORPORATION

February 1, 1991

Pursuant to the requirements of 10 CFR 40.46, Pathfinder Mines Corporation (Transferee) hereby requests Nuclear Regulatory Commission (NRC) written approval to transfer ownership of the Source Material Licenses identified below from Uranerz U.S.A., Inc. ("Transferor") to Pathfinder Mines Corporation. The Transferee has agreed to purchase certain licensed properties from the Transferor and the Transferor has agreed to sell to Transferee and the title to such properties is anticipated to change on February 15, 1991. The following information is submitted in support of this request.

1. The Source Material Licenses subject to transfer are:

- a. SUA-1539, Docket No. 40-8958
Ruth Facility, Johnson County, Wyoming
Expiration Date: December 31, 1995
- b. SUA-1540, Docket No. 40-8981
North Butte Facility, Johnson County, Wyoming
Expiration Date: December 31, 1995
- c. See Item 7, below

2. Name and Address of Transferee:

Pathfinder Mines Corporation
Shirley Basin Mine
Shirley Basin, Wyoming 82615
(307) 356-4312

3. Personnel Changes:

The Transferee is the holder of NRC Source Material license SUA-442, Docket No. 40-6622. The personnel responsible for operations, health and safety, environmental protection, and radiological protection under SUA-442 will be assigned the added responsibility for those functions as part of the transfer of SUA-1539 and SUA-1540. All Transferor personnel listed in the subject licenses will be replaced by Transferee personnel.

4. Description of Transaction:

The Transferor, by agreement dated January 31, 1991, is selling to Transferee for cash Transferor's 100% interest in certain real properties, mineral rights and improvements thereon located in Campbell County and Johnson County, Wyoming along with all governmental licenses, permits and other authorizations. Said properties are commonly referred to as Ruth and North Butte. These properties are licensed by the NRC as described in item 1, above.

5. Planned Changes:

The Transferee, at this time, does not contemplate immediate changes in facilities, equipment, or procedures. The authorized user of the licenses will be Pathfinder Mines Corporation. Personnel changes, as described in item 3 will occur upon NRC approval of license transfer. Specific Transferee personnel to be assigned to the projects are listed below. Until such time that facility construction or uranium production activities commence on the properties, only those individuals listed below will be assigned responsibilities for licensed activities. The organizational structure will be as described in the NRC Safety Evaluation Report supporting renewal of License SUA-442, dated September 14, 1984.

- a. George J. Simchuk, Vice President and Chief Operating Officer
- b. Robert J. Hopkins, Mine Manager
- c. E. Stratford Murdock, Environmental Coordinator
- d. Marvin C. Nolte, Radiation Safety Officer

Qualifications of the above individuals were reviewed and approved by the NRC as part of SUA-442 license renewal activities.

6. Changes in Use, Possession, or storage:

There will be no changes in the use, possession, or storage of licensed materials from those stated in the Source Material Licenses. If such changes are necessary after license transfer, requests will be made in accordance with applicable rules and regulations.

7. Changes in Operations:

On January 17, 1991, an amendment request was submitted to the NRC by the Transferor. The Transferee understands

that this amendment request is being reviewed by the NRC and approval is pending. This request appears to ask for the termination of Source Material License SUA-1401 (Docket No. 40-8783) and incorporation of certain conditions of said license into SUA-1539. The Transferee requests that the January 17, 1991 amendment request be acted on as part of this ownership transfer application unless such action will delay license transfer approval. In that case, the Transferee requests that License SUA-1401 be made a part of this ownership transfer application and all applicable statements made herein shall apply. At this time, no changes in operating and/or emergency procedures are contemplated.

8. Radioactive Materials Inventory and Accountability Records:

All uranium inventory was shipped from the Ruth property (SUA-1539, Docket No. 40-8958) in 1986. There will be no yellowcake inventory on site at any of the properties being acquired or subject to the licenses at the time of ownership transfer. At this time, the only monitoring/surveillance requirement is to make a weekly site visit to check the security of the facility and the condition of the two solar evaporation ponds. Records of past inspections are current and available for review by the NRC. Instrument calibrations and radiation surveys have not been required under the R & D License (SUA-1401) for several years. Radiation detection equipment at the Ruth property and all instrument calibration, radiation survey, personnel exposure and environmental records, particularly those required by license conditions, will be transferred to the Transferee upon NRC approval to transfer license ownership.

The North Butte property (SUA-1540, Docket No. 40-8981) currently has no facilities on site. No construction or uranium production will occur prior to license transfer. There are no personnel exposure records at this time. All site environmental records including background radiation and ground water hydrologic investigations will become the property of the Transferee.

9. Facility Status:

The Transferor has warranted to the Transferee that it is not aware of any alleged violations of environmental laws, rules or regulations existing on either licensed properties at the time of sale. The Transferee has agreed to assume full liability for all contamination existing at each licensed site to the extent that such contamination did not arise as a result of a violation of

State or Federal environmental law prior to license transfer or otherwise constitute a breach of any warranty under the agreement between Transferor and Transferee. The Transferee believes that the contaminated equipment, sludge and facilities within the licensed boundary at the Ruth site are at or below the accepted NRC radiological limits of SUA-1539 and 10 CFR 20.

The Transferee agrees to be responsible for decontamination and decommissioning of the Ruth and North Butte sites at the end of operations unless required sooner by State or Federal law. In this regard, the Transferee intends to use its Shirley Basin and/or Lucky Mc mill tailings facilities during final closure as burial sites for all contaminated wastes, sludge, and materials from the subject properties. Appropriate license amendments will be submitted by the Transferee to address the specific concerns of license condition 32 in both licenses.

10. Decontamination, Decommissioning, and Financial Assurance:

The Ruth facilities will be decommissioned following commercial mining activities in accordance with license conditions contained in license SUA-1539. At the time of license transfer, the Transferee will assume responsibility for final decontamination and decommissioning. The license for the North Butte property (SUA-1540) contains certain conditions governing future site reclamation. The Transferee will abide by those conditions upon license transfer. The Transferee is unaware of any decontamination and decommissioning action that will be required immediately upon license transfer.

The Transferee is in the process of obtaining a Letter of Credit in the amount of \$210,939.00 to replace the existing surety arrangement. The original document will be submitted to the State of Wyoming to be held by the State as reclamation assurance. A copy will be sent to the NRC upon receipt. The Transferee recognizes and agrees to comply upon license transfer with those license conditions in each license requiring submittal of a revised bond prior to construction or start of operations, as applicable. Until such time as a revised bond analysis is submitted for approval or one is required by law, the bonds for the Ruth property and North Butte property will remain fixed at their currently approved levels of \$200,939.00 and \$10,000.00, respectively.

11. Acceptance of Liabilities:

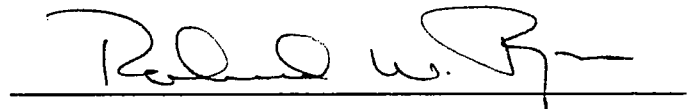
The Transferee, upon transfer of license ownership, agrees to abide by all commitments and representations in the licenses and supporting documents including the posting of financial assurances for final reclamation. Until such transfer is complete, the Transferor remains fully liable for all decontamination, decommissioning, and compliance with license commitments. The Transferee has conducted uranium mining, milling, and reclamation activities in the United States since 1954. It has never defaulted on any reclamation obligation and is currently conducting limited reclamation and site restoration activities at its two NRC licensed facilities, Shirley Basin and Lucky Mc.

12. Agreement to Transfer Licenses:

By joint submittal of this License Transfer Application and the License Transfer Application of Uranerz U.S.A., Inc. (Transferor), the Transferor and the Transferee agree to the change in ownership of the licensed materials and activities and the conditions of transfer described therein.

13. Compliance Commitment:

The Transferee, upon transfer of license ownership, agrees to abide by all constraints, conditions, requirements, representations and commitments identified in the existing licenses until such time as amended as provided for by law. The Transferor shall remain liable for any environmental damages that arise as a result of a violation of law prior to the transfer of license ownership. It is expected that the Transferee will be submitting requests to amend each license during the normal course of operations.



Robert W. Poyser
Manager, Environmental Affairs
Pathfinder Mines Corporation