

April 22, 2013

Mr. Steve Hatten
President
Lost Creek ISR, LLC
5880 Enterprise Dr., Suite 200
Casper, WY 82609

SUBJECT: LOST CREEK PROJECT, SOURCE MATERIALS LICENSE SUA-1598
LICENSE AMENDMENT NO. 1 – TECHNICAL REPORT PAGE CHANGES,
2011-2012 FINANCIAL ASSURANCE UPDATE, AND ADDITION OF TWO
DRYERS (TACS J00562, J00662, J00665)

Dear Mr. Hatten:

By letters dated November 11, November 16, and December 3, 2010, Lost Creek ISR, LLC (LCI) submitted clarifications and page changes to the technical report for the Lost Creek Project uranium In Situ Recovery (ISR) facility in Sweetwater County, Wyoming, to the U.S. Nuclear Regulatory Commission (NRC) staff. These changes were not included in the review of the application and issuance of the Source Materials License, SUA-1598, dated August 17, 2011. LCI requested, in its letter dated November 8, 2011, that these submittals be considered as fulfilling requirements of license conditions 9.7 (providing the training program for the designee) and 12.13 (providing for NRC review and approval of a revised decommissioning, decontamination, and reclamation plan within 90 days of receipt of license). During the acceptance review process, NRC staff identified several deficiencies in the request. LCI submitted additional information related to these deficiencies on February 17, 2012. On April 30, 2012, the NRC staff held a public teleconference call between the staff and LCI representatives to discuss staff's questions concerning the designee qualifications. LCI provided a response on November 8, 2012, committing to changes in the technical report addressing the designee qualifications, responsibilities, and training program discussed during this meeting.

By letter dated February 10, 2012, LCI submitted to the NRC staff a revised surety estimate as required by license condition 9.5 of License SUA-1598. The submittal updated its prior surety estimate provided in the license application, as well as clarifications to demonstrate compliance with the Wyoming Department of Environmental Quality, Land Quality Division, Guideline 12 entitled, "Standardized Reclamation Performance Bond Format and Cost Calculation Methods." Lost Creek's updated surety estimate remains at \$1.75 million. The NRC staff completed a detailed review of LCI's submission and identified deficiencies that failed to meet acceptance criteria in NUREG-1569 and regulatory requirements of 10 CFR 40, Appendix A, Criterion 9. LCI submitted additional information related to these deficiencies on July 31, 2012.

Additionally, LCI submitted to the NRC staff, on January 6, 2012, a request to amend LCI's NRC License SUA-1598, to include operating two yellowcake vacuum dryers within its processing plant and subsequent shipment of vacuum dried yellowcake. LCI provided clarifications regarding the amendment request in an email dated March 5, 2012, that included a table describing non-radioactive emissions expected from the dryer and technical report Figure 4.1-3 describing the ventilation diagram of the processing plant. The NRC staff completed a detailed review of LCI's amendment request and identified additional information needed to support the environmental assessment. LCI submitted additional information related to these deficiencies on July 27, 2012, and a request on November 29, 2012, to increase the production rate to the design capacity of two million pounds of yellowcake per year, as described in the technical report, Section 1.6, submitted in March 2008.

Lastly, LCI provided a copy of its disposal agreement to the NRC on March 27, 2013, and requested the NRC staff remove preoperational license condition 12.6. LCI also requested the agreement be maintained as confidential pursuant to 10 CFR 2.390(a) because the agreement contains commercial and financial information. The licensee provided the required affidavit to maintain confidentiality (LCI, 2013a).

NRC staff has completed its review of the original November 11, 2010, and subsequent requests, and the additional information provided on February 17, July 27, July 31, and November 8, 2012. This review included the preparation of the enclosed Safety Evaluation Report (Enclosure 1) and an Environmental Assessment (Enclosure 2).

During the safety review, the staff developed proposed license conditions and issued a draft license amendment for the Lost Creek Project on March 7, 2013, and a revised draft license amendment on March 14, 2013. By email dated March 29, 2013, LCI accepted the conditions in the final draft license amendment.

Based on its review, the staff concludes that the request satisfies the requirements of 10 CFR Part 40.32(c) and 10 CFR Parts 20.2202 and 20.2203. Accordingly, the staff has determined that LCI's request to amend its Source Materials License SUA-1598 to update the surety method and decommissioning plan, allow the use of a designee to conduct daily inspections in the absence of the radiation safety staff, add two vacuum dryers, increase the production rate by processing resins from LCI's satellite facilities and equivalent feed, and remove license condition 12.6 is acceptable. Additionally, the staff took the opportunity to make administrative changes to several license conditions for clarity. License Amendment No. 1 is enclosed (Enclosure 3).

If you have any questions regarding this action, please contact Mr. John Saxton, the Project Manager for Source Material License SUA-1598, at 301-415-0697 or, by e-mail, at john.saxton@nrc.gov.

S. Hatten

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In accordance with 10 CFR 2.390 of the NRC's "Rules of Practice for Domestic Licensing Proceedings and Issuance of Orders," a copy of this letter will be available electronically for public inspection in the NRC Public Document Room or from the Publicly Available Records component of NRC's Agencywide Documents Access and Management System (ADAMS). ADAMS is accessible from the NRC Web site at <http://www.nrc.gov/reading-rm/adams.html>.

Sincerely,

/RA/

Andrew Persinko, Deputy Director
Decommissioning and Uranium Recovery
Licensing Directorate
Division of Waste Management
and Environmental Protection
Office of Federal and State Materials
and Environmental Management Programs

Docket No.: 40-9068
License No.: SUA-1598

Enclosures:

1. Safety Evaluation Report for
Page Changes, Surety Update,
and the Addition of Two
Vacuum Dryers Request
2. Environmental Assessment
3. Amendment No. 1 to Source
Materials License SUA-1598

cc: J. Corra WDEQ
M. Newman, BLM

S. Hatten

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Sincerely,

Andrew Persinko, Deputy Director
Decommissioning and Uranium Recovery
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