

March 14, 2013

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

SUBJECT: LOST CREEK PROJECT, DRAFT 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:

Lost Creek ISR, LLC (LCI) requested in its letter dated November 8, 2011, that submittals in letters dated November 11, November 16, and December 3, 2010, be considered as fulfilling requirements of license conditions (LC) 9.7 and 12.13 of source materials license, SUA-1598, dated August 17, 2011. These letters 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 initial 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 in LC 9.7. 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 correspondence dated January 6, February 10, and November 29, 2012, LCI submitted to the NRC staff three additional requests to add two vacuum dryers, update the surety estimate, and increase the annual production rate, respectively. The addition of vacuum dryers would allow LCI to process and ship vacuum dried yellowcake as an alternative to yellowcake slurry. The NRC staff completed a detailed review of LCI's dryer amendment request and identified additional information needed to support the environmental assessment. LCI submitted additional information related to these deficiencies on July 27, 2012.

LCI submitted the revised surety update as required by LC 9.5 of License SUA-1598 and 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. The production rate increase request aligns the license with the design capacity of two million pounds of yellowcake per year, as described in the technical report, Section 1.6, submitted in March 2008.

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. Based on the staff's analysis of information provided by LCI, the staff is developing a Safety Evaluation Report (SER). Enclosed is a draft license amendment, which is preliminary in nature and for the purpose of initiating discussions necessary to finalize the SER. Preparation of these documents is necessary to inform NRC decision makers in making their decision on your licensing request. Please note that as the staff's review continues, this draft license amendment is subject to change, and has not received formal legal review. Issuing this draft license does not constitute a licensing decision by the NRC. Please review the draft license and provide comments within 14 days of receipt of this letter. LCI can provide comments via letter or email. The staff can also schedule a public meeting to discuss the draft license. Significant changes or deviations from the draft license may require additional staff review and may delay the final review schedule.

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 document system (ADAMS). ADAMS is accessible from the NRC Website at <http://www.nrc.gov/reading-rm/adams.html>.

If you have any questions concerning the above, please contact me at (301) 415-6142 or via email at Tanya.Oxenberg@nrc.gov.

Sincerely,

/RA/

Tanya Palmateer Oxenberg, Ph.D.
Health Physicist
Reactor Decommissioning Branch
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

Enclosure:
Draft Source Material License

cc:
M. Bautz, WDEQ
M. Newman, BLM
D. McKenzie, WDEQ

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Sincerely,

/RA/

Tanya Palmateer Oxenberg, Ph.D.
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and Environmental Protection
Office of Federal and State Materials
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Docket No. 40-9068

Enclosure:
Draft Source Material License

cc:
M. Bautz, WDEQ
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D. McKenzie, WDEQ

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