

U.S. NUCLEAR REGULATORY COMMISSION

MATERIALS LICENSE

Pursuant to the Atomic Energy Act of 1954, as amended, the Energy Reorganization Act of 1974 (Public Law 93-438), and the applicable parts of Title 10, Code of Federal Regulations, Chapter I, Parts 19, 20, 30, 31, 32, 33, 34, 35, 36, 39, 40, 51, 70, and 71, and in reliance on statements and representations heretofore made by the licensee, a license is hereby issued authorizing the licensee to receive, acquire, possess, and transfer byproduct, source, and special nuclear material designated below; to use such material for the purpose(s) and at the place(s) designated below; to deliver or transfer such material to persons authorized to receive it in accordance with the regulations of the applicable Part(s). This license shall be deemed to contain the conditions specified in Section 183 of the Atomic Energy Act of 1954, as amended, and is subject to all applicable rules, regulations, and orders of the Nuclear Regulatory Commission now or hereafter in effect and to any conditions specified below.

<p style="text-align: center;">Licensee</p> <p>1. Hydro Resources, Inc.</p> <p>2. 62329 North Star Drive Montrose, CO 81403</p> <p>[Applicable Amendment: 2, 4]</p>	<p>3. License Number SUA-1580 Amendment No. 4 (Draft)</p> <hr/> <p>4. Expiration Date January 5, 2003</p> <hr/> <p>5. Docket No. 040-08968 Reference No.</p>
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<p>6. Byproduct, Source, and/or Special Nuclear Material</p> <p>Uranium</p>	<p>7. Chemical and/or Physical Form</p> <p>Any</p>	<p>8. Maximum amount that Licensee May Possess at Any One Time Under This License</p> <p>Unlimited</p>
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SECTION 9: ADMINISTRATIVE CONDITIONS

9.1 The authorized place of use shall be the licensee's Crownpoint Uranium Project which includes the Crownpoint, Unit 1, and Church Rock uranium recovery and processing facilities in McKinley County, New Mexico.

9.2 All written notices and reports sent to the U.S. Nuclear Regulatory Commission (NRC) as required under this license and by regulation shall be addressed as follows: ATTN: Document Control Desk, Director, Office of Nuclear Material Safety and Safeguards, U.S. Nuclear Regulatory Commission, Washington, DC 20555-0001. An additional copy shall be submitted to: Deputy Director, Division of Decommissioning, Uranium Recovery, and Waste Programs, Office of Nuclear Material Safety and Safeguards, U.S. Nuclear Regulatory Commission, Mail Stop T-8F5, 11545 Rockville Pike, Rockville, MD 20852-2738.

Incidents and events that require telephone notification shall be made to the NRC Operations Center at (301) 816-5100 (collect calls accepted).

[Applicable Amendment: 2, 4]

9.3 The licensee shall conduct operations in accordance with all commitments, representations, and statements made in its license application submitted by cover letter dated April 25, 1988 (as supplemented by the licensee submittals listed in Attachment A), and in the Crownpoint Uranium Project Consolidated Operations Plan (COP), Rev. 2.0, dated August 15, 1997 - except where superseded by license conditions contained in this license. Whenever the licensee uses the words "will" or "shall" in the aforementioned licensee documents, it denotes an enforceable license requirement.

9.4 A) The licensee may, without prior NRC review or approval: (i) make changes in the Crownpoint Project's facilities or processes as described in the COP (Rev. 2.0); (ii) make changes in its standard operating procedures; and (iii) conduct tests or experiments, if the licensee ensures that the following conditions are met:

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- (1) the change, test, or experiment does not conflict with any requirement specifically stated in this license, or impair the licensee's ability to meet all applicable NRC regulations;
- (2) there is no degradation in the safety or environmental commitments made in the Crownpoint Uranium Project Consolidated Operations Plan (COP), Revision 2.0, or in the approved reclamation plan for the Crownpoint Project; and
- (3) the change, test, or experiment is consistent with NRC's findings in NUREG-1508, the Final Environmental Impact Statement (FEIS, dated February 1997) and the Safety Evaluation Report (SER, dated December 1997) for the Crownpoint Project.

If any of these conditions are not met for the change, test, or experiment under consideration, the licensee is required to submit a license amendment application for NRC review and approval. The licensee's determinations as to whether the above conditions are met will be made by a Safety and Environmental Review Panel (SERP). All such determinations shall be documented, and the records kept until license termination. All such determinations shall be reported annually to the NRC, pursuant to LC 12.8. The retained records shall include written safety and environmental evaluations, made by the SERP, that provide the basis for determining whether or not the conditions are met.

- B) The SERP shall consist of a minimum of three individuals employed by the licensee, and one of these shall be designated the SERP chairman. One member of the SERP shall have expertise in management and shall be responsible for managerial and financial approval changes; one member shall have expertise in operations and/or construction and shall have responsibility for implementing any operational changes; and, one member shall be the Environmental Manager, with the responsibility of ensuring that changes conform to radiation safety and environmental requirements. Additional members may be included in the SERP, as appropriate, to address technical aspects such as health physics, groundwater hydrology, surface-water hydrology, specific earth sciences, and other technical disciplines. Temporary members or permanent members, other than the three above-specified individuals, may be consultants.

- 9.5 As a prerequisite to operating under this license, the licensee shall submit an NRC-approved surety arrangement to cover the estimated costs of decommissioning, reclamation, and groundwater restoration. Generally, these surety amounts shall be determined by the NRC based on cost estimates for a third party completing the work in case the licensee defaults. Surety for groundwater restoration of the initial well fields shall be based on 9 pore-volumes. Surety shall be maintained at this level until the number of pore volumes required to restore the groundwater quality of a production-scale well field has been established by the restoration demonstration described in LC 10.28. If at any time it is found that well field restoration requires greater pore-volumes or higher restoration costs, the value of the surety will be adjusted upwards. Upon NRC approval, the licensee shall maintain the NRC-approved financial surety arrangement consistent with 10 CFR Part 40, Appendix A, Criterion 9.

Annual updates to the surety amount, required by 10 CFR Part 40, Appendix A, Criterion 9, shall be provided to the NRC at least 3 months prior to the anniversary date of the license issuance. 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 of the surety the licensee shall submit supporting documentation showing a breakdown of the costs and the basis for the cost estimates with adjustments for inflation (i.e., using the approved Urban Consumer Price Index), maintenance of a minimum

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15 percent contingency, changes in engineering plans, activities performed, and any other conditions affecting estimated costs for site closure.

The licensee shall provide an NRC-approved updated surety before undertaking any planned expansion or operational change which has not been included in the annual surety update. This surety update shall be provided to the NRC at least 90 days prior to the commencement of the planned expansion or operational change.

The licensee shall also provide the NRC with copies of surety-related correspondence submitted to the State of New Mexico, 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, identifies the NRC-related portion of the surety and covers the above-ground decommissioning and decontamination, the cost of off-site disposal, soil and water sample analyses, and groundwater restoration activities 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.

- 9.6 The licensee shall dispose of 11e.(2) byproduct material from the Crownpoint Project at a waste disposal site licensed by the NRC or an Agreement State to receive 11e.(2) byproduct material. At each project site, the licensee shall maintain an area within the restricted area boundary for storing contaminated materials prior to their disposal. The licensee's approved waste disposal agreement must be maintained on-site. Should this agreement expire or be terminated, the licensee shall notify the NRC pursuant to LC 12.6. A new agreement shall be ratified within 90 days of expiration or termination of the previous agreement, or the licensee will be prohibited from further lixiviant injection.
- 9.7 The licensee shall implement and maintain a training program for all site employees as described in Regulatory Guide 8.31, and as detailed in the COP of the approved license application. All training materials shall incorporate the information from current versions of 10 CFR Part 19 and 10 CFR Part 20. Additionally, classroom training shall include the subjects described in Section 2.5 of Regulatory Guide 8.31. All personnel shall attend annual refresher training, and the licensee shall conduct regular safety meetings on at least a bi-monthly basis, as described in Section 2.5 of Regulatory Guide 8.31.
- The Radiation Safety Officer (RSO), or his designee, shall have the education, training and experience as specified in Regulatory Guide 8.31. A Radiation Safety Technician (RST) shall have the qualifications specified in Regulatory Guide 8.31. Any person newly hired as an RST shall have all work reviewed and approved by the RSO as part of a comprehensive training program until appropriate course training is completed, and at least for 6 months from the date of appointment.
- 9.8 Written standard operating procedures (SOPs) shall be established and followed for: (1) all operational activities involving radioactive materials that are handled, processed, stored, or transported by employees; (2) all non-operational activities involving radioactive materials including in-plant radiation protection and environmental monitoring; and (3) emergency procedures for potential accident/unusual occurrences including significant equipment or facility damage, pipe breaks and spills, loss or theft of yellowcake or sealed sources, and significant fires. The SOPs shall include appropriate radiation safety practices to be followed in accordance with 10 CFR Part 20. SOPs for operational activities shall enumerate pertinent radiation safety practices to be followed. A copy of the current written procedures shall be kept in the area(s) of the production facility where they are utilized. All SOPs for activities described in the COP shall be reviewed and approved as presently described in the COP.
- 9.9 Release of equipment, materials, or packages from the restricted area shall be in accordance with NRC staff position, "Guidelines for Decontamination of Facilities and Equipment Prior to Release for

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- Unrestricted Use or Termination of Licenses for Byproduct or Source Materials," dated May 1987, or suitable alternative procedures approved by the NRC prior to any such release.
- 9.10 Any corporate organization changes affecting the assignments or reporting responsibilities of the radiation safety staff as described in the COP of the approved license application shall conform to Regulatory Guide 8.31.
- 9.11 The licensee is hereby exempted from the requirements of 10 CFR Section 20.1902(e) for areas within the process facility, provided that all entrances to the facility are conspicuously posted in accordance with Section 20.1902(e), and with the words, "ANY AREA WITHIN THIS FACILITY MAY CONTAIN RADIOACTIVE MATERIAL."
- 9.12 Before engaging in any construction activity not previously assessed by the NRC, the licensee shall conduct a cultural resource inventory. All disturbances associated with the proposed development will be completed in compliance with the National Historic Preservation Act of 1966, as amended, and its implementing regulations (36 CFR Part 800), and the Archaeological Resources Protection Act of 1979, as amended, and its implementing regulations (43 CFR Part 7).
- In order to ensure that no unapproved disturbance of cultural resources occurs, any work resulting in the discovery of previously unknown cultural artifacts shall cease. The artifacts shall be inventoried and evaluated in accordance with 36 CFR Part 800, and no disturbance shall occur until the licensee has received written authorization to proceed from the State and Navajo Nation Historic Preservation Offices.
- 9.13 Prior to injection of lixiviant, the licensee shall have all applicable Memoranda of Agreements (MOAs) between the licensee and local authorities, the fire department, medical facilities, and other emergency services, ratified and in effect. At a minimum, the MOAs shall identify individual party responsibilities, coordination requirements, and reporting procedures for all emergency incident responses.
- 9.14 Prior to injection of lixiviant, the licensee shall obtain all necessary permits and licenses from the appropriate regulatory authorities.

SECTION 10: OPERATIONS, CONTROLS, LIMITS, AND RESTRICTIONS

- 10.1 The licensee shall use a lixiviant composed of native ground water, carbon dioxide gas or sodium bicarbonate, and dissolved oxygen or air, as specified in the COP of the approved license application.
- 10.2 The processing plant flow rate at each site (Church Rock, Unit 1, or Crownpoint) shall not exceed 4000 gal/min (15,140 L/min), exclusive of restoration flow. Total yellowcake production from all three sites shall not exceed 3 million lbs (1.36 million kg) annually.
- 10.3 Injection well operating pressures shall be maintained at less than formation fracture pressures, and shall not exceed the well's mechanical integrity test pressure.
- 10.4 Only steel or fiber glass well casing shall be used at the Unit 1 and Crownpoint sites for all wells completed into the Dakota Sandstone, Westwater Canyon, and Cow Springs aquifers.
- 10.5 A leak detection monitoring system shall be installed for all retention ponds. The licensee shall measure and document pond freeboard and fluid levels in the leak detection system daily, including weekends and holidays. If fluid levels greater than 6 in (15.2 cm) are detected in the leak detection sumps, the fluid in the sumps shall be sampled and analyzed for specific conductance and chloride. Elevated levels of these parameters shall confirm a retention pond liner leak, at which time the licensee

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shall take the following corrective actions: (a) analyze standpipe water quality samples for leak parameters once every 7 days during the leak period, and once every 7 days for at least 14 days following repairs; and (b) locate and repair the area of liner damage. After a confirmed leak, the licensee shall also file a report pursuant to LC 12.2. At all times, sufficient reserve capacity shall be maintained in the retention pond system to enable transferring the contents of one pond to the other ponds. In the event of a leak and subsequent transfer of liquid, the freeboard requirements may be suspended during the repair period.

- 10.6 At the Crownpoint site, from initial lixiviant injection through the completion of groundwater restoration activities, the licensee shall at all times maintain sufficient emergency generator capacity to provide a 50 gal/min (189 L/min) bleed from the Westwater Canyon aquifer. The licensee shall document all required uses of the emergency generator, pursuant to LC 11.1.
- 10.7 Liquid oxygen tanks shall be located within the well fields. Other chemical storage tanks shall be located on the concrete pad near a waste retention pond. All yellowcake shall be stored inside the designated restricted area.
- 10.8 For all required types of surveys, the licensee shall, at a minimum, use the survey locations, frequencies, and lower limits of detection established in Table 2 of Regulatory Guide 8.30. Additionally, all radiation survey instruments shall be operationally checked in conformance with Regulatory Guide 8.30.
- 10.9 The licensee shall ensure that the manufacturer-recommended vacuum pressure is maintained in the drying chamber during all periods of yellowcake drying operations. This shall be accomplished by continuously monitoring differential pressure and installing instrumentation which will signal an audible alarm if the air pressure differential falls below the manufacturer's recommended levels. The alarm's operability shall be checked and documented daily. Additionally, yellowcake drying operations shall be immediately suspended if any emission control equipment for the yellowcake drying or packaging areas is not operating within specifications for design performance.
- 10.10 All liquid effluents from process buildings and other process waste streams, with the exception of sanitary wastes, shall be disposed of in accordance with the requirements of 10 CFR Part 20, Subpart K.
- 10.11 Within restricted areas, eating shall be allowed only in designated eating areas.
- 10.12 An excursion shall have occurred if, in any monitor well: (a) any two upper control limit parameters exceed their respective upper control limits; or (b) a single upper control limit parameter exceeds its upper control limit by 20 percent. A verification sample shall be taken within 24 hours after results of the first analyses are received. If the second sample shows that either of the excursion criteria in (a) or (b) are present, an excursion shall be confirmed. If the second sample does not show that the excursion criteria in (a) or (b) are present, a third sample shall be taken within 48 hours after the second set of sampling data was acquired. If the third sample shows that either of the excursion criteria in (a) or (b) are present, an excursion shall be confirmed. If the third sample does not show that the excursion criteria in (a) or (b) are present, the first sample shall be considered to be an error.
- 10.13 If an excursion is not corrected within 60 days of confirmation, the licensee shall either: (a) terminate injection of lixiviant within the well field until aquifer cleanup is complete; or (b) increase the surety in an amount to cover the full third-party cost of correcting and cleaning up the excursion. The surety increase for horizontal and vertical excursions shall be calculated using the method described on page 4-22, Section 4.3.1 of the FEIS. The surety increase shall remain in force until the NRC has verified that the excursion has been corrected and cleaned up. The written 60-day excursion report, filed pursuant to LC 12.1, shall identify which course of action [(a) or (b) listed above] the licensee is taking.

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- 10.14 At the Unit 1 or Crownpoint sites, if a vertical excursion is confirmed in the Dakota Sandstone aquifer, the licensee shall complete and sample monitor wells to determine if the vertical excursion has impacted any other overlying aquifers that could sustain yields greater than 150 gal/day (568 L/day). The specific aquifers to be monitored shall be identified in the licensee's 60-day excursion report, filed pursuant to LC 12.1.
- 10.15 At the Crownpoint site, from initial lixiviant injection through the completion of groundwater restoration activities, the licensee shall maintain a continuous bleed (pumping) until the groundwater quality in the well fields has been determined by the NRC to be fully restored to the required limits established pursuant to LC 10.21.
- 10.16 During groundwater restoration activities at production-scale well fields within either the Unit 1 or Crownpoint sites, the licensee shall reimburse the operators of the Crownpoint water supply wells for any increased pumping and well work-over costs associated with a drop in water levels due to groundwater restoration activities. This reimbursement requirement does not apply to restoration demonstrations of small-scale well fields.
- 10.17 Prior to injection of lixiviant in a well field, monitor wells shall be completed in the Westwater Canyon aquifer and shall encircle the well field at a distance of 400 ft (122 m) from the edge of the production or injection wells and 400 ft (122 m) between each monitor well. The angle formed by lines drawn from any production well to the two nearest monitor wells shall not exceed 75 degrees. At the Church Rock site, Westwater Canyon aquifer monitor wells shall be located by treating production mine workings as if they were injection or production wells. Sampling frequencies for all monitor wells completed in the Westwater Canyon aquifer shall be as stated in LC 11.3.
- 10.18 Prior to injection of lixiviant in a well field at the Unit 1 or Crownpoint sites, monitor wells shall be completed in the Dakota Sandstone aquifer. Such wells shall be placed at a minimum density of one well per 4 acres (1.62 ha) of well field. Sampling frequencies for these wells shall be as stated in LC 11.3.
- 10.19 Prior to injection of lixiviant at the Unit 1 site, the licensee shall complete a minimum of three monitor wells in the overlying Dakota Sandstone aquifer between the well fields and the town of Crownpoint water supply wells, in addition to the wells required by LC 10.18. Groundwater restoration goals and upper control limits for these wells will be established pursuant to LCs 10.21 and 10.22, except that upper control limits shall be established for these wells on a well-by-well basis. Sampling frequencies for these wells shall be as stated in LC 11.3.
- 10.20 Prior to injection of lixiviant in a well field at the Church Rock site, monitor wells shall be completed in: (a) the Brushy Basin "B" sand aquifer; and (b) the Dakota Sandstone aquifer. Monitor wells completed in the Brushy Basin "B" sand aquifer shall be placed at a minimum density of one well per 4 acres (1.62 ha) of well field. Monitor wells completed in the Dakota sandstone aquifer shall be placed at a minimum density of one well per 8 acres (3.24 ha) of well field. Any openings of the existing mine workings into the Brushy Basin "B" sand, or Dakota Sandstone aquifers, shall be monitored by Brushy Basin "B" sand or Dakota Sandstone monitor wells placed within 40 ft (12 m) of the openings. These wells shall be placed down-gradient from the openings. Sampling frequencies for all monitor wells completed in the Brushy Basin and Dakota Sandstone aquifers shall be as stated in LC 11.3.

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10.21 Lixiviant shall not be injected into a well field before groundwater quality data is collected and analyzed to establish groundwater restoration goals for each monitored aquifer of the well field, as follows:

- A) The licensee shall establish groundwater restoration goals by analyzing three independently-collected groundwater samples of formation water from: (1) each monitor well in the well field; and (2) a minimum of one production/injection well per acre of well field. Samples shall be collected a minimum of 14 days apart from each other. Groundwater restoration goals shall be established on a parameter-by-parameter basis, with the primary restoration goal to return all parameters to average pre-lixiviant injection conditions. If groundwater quality parameters cannot be returned to average pre-lixiviant injection levels, the secondary goal shall be to return groundwater quality to the maximum concentration limits as specified in the U.S. Environmental Protection Agency (EPA) secondary and primary drinking water regulations. The secondary restoration goal for barium and fluoride shall be set to the State of New Mexico primary drinking water standard.
- B) In establishing restoration goals, the following parameters shall be measured: alkalinity, ammonium, arsenic, barium, bicarbonate, boron, cadmium, calcium, carbonate, chloride, chromium, copper, fluoride, electrical conductivity, iron, lead, magnesium, manganese, mercury, molybdenum, nickel, nitrate, pH, potassium, combined radium-226 and radium-228, selenium, sodium, silver, sulfate, total dissolved solids, uranium, vanadium, zinc, gross Beta, and gross Alpha (excluding radon, uranium, and radium). The restoration goal for each of these parameters shall be established by calculating the baseline mean of the data collected. Prior to calculating a groundwater restoration goal for a parameter, outliers shall be eliminated using methods consistent with those specified in EPA's 1989, "Statistical Analysis of Ground-Water Monitoring Data at RCRA [Resource Conservation and Recovery Act] Facilities, Interim Guidance." Parameter concentrations determined to be high or low outliers will not be used in establishing groundwater restoration goals.

[Applicable Amendment: 3]

10.22 Lixiviant shall not be injected into a well field before groundwater quality data is collected and analyzed to establish upper control limits for each monitored aquifer of the well field, as follows:

- A) The licensee shall analyze three independently-collected groundwater samples of formation water from each monitor well in the well field. Samples shall be collected a minimum of 14 days apart from each other.
- B) The upper control limit parameters shall be chloride, bicarbonate, and electrical conductivity [corrected to a temperature of 25°C (77°F)]. The concentrations of these upper control limit parameters shall be established for each well field by calculating the baseline mean of the upper control limit parameter concentration, and adding 5 standard deviations. Prior to calculating upper control limits, outliers shall be eliminated using methods consistent with those specified in EPA's 1989, "Statistical Analysis of Ground-Water Monitoring Data at RCRA Facilities, Interim Guidance." Values determined to be high and low outliers will not be used in the calculation of upper control limits.

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- 10.23 Prior to injection of lixiviant in a well field, groundwater pump tests shall be performed to determine if overlying aquitards are adequate confining layers, and to confirm that horizontal monitor wells for that well field are completed in the Westwater Canyon aquifer.
- 10.24 The licensee shall perform mechanical well integrity tests on each injection and production well: (a) before the well is first used for *in situ* leach uranium extraction; (b) after each time the well has been serviced with equipment or otherwise subjected to procedures that could damage well casing; and (c) at least once every 5 years the well is in use. After a well has been completed and opened into the aquifer, a packer shall be set above the well screen and each well casing shall be filled with water. The well shall be pressurized with either air or water to 125 psi (862 kPa) at the land surface, or 25 percent above the expected operating pressure, whichever is greater. A well shall have passed the test if a pressure drop of no more than 10 percent occurred over 30 minutes.
- 10.25 If it is determined that a vertical connection exists in a well field between the Westwater Canyon aquifer and the Cow Springs aquifer, monitor wells will be completed in the Cow Springs aquifer within that well field at a minimum density of one well per 4 acres (1.62 ha) of well field. Groundwater restoration goals and upper control limits will be established for these wells, pursuant to LCs 10.21 and 10.22. Sampling frequencies for all monitor wells completed in the Cow Springs aquifer shall be as stated in LC 11.3.
- 10.26 Prior to injecting lixiviant at a site, or processing licensed material at the Crownpoint site, HRI shall provide and receive NRC acceptance - for that site - information, calculations, and analyses to document the adequacy of the design of waste retention ponds and their associated embankments (if applicable), liners, and hydrologic site characteristics. HRI shall demonstrate that the criteria described in the following documents have been met: 10 CFR Part 40, Appendix A, Criterion 5A regarding surface impoundment design; Regulatory Guide 3.11, "Design, Construction, and Inspection of Embankment Retention Systems for Uranium Mills"; WM-8201, "Hydrologic Design Criteria for Tailings Retention Systems,"; and Final Staff Technical Position, "Design of Erosion Protection Covers for Stabilization of Uranium Mill Tailings Sites." As applicable, based on the designs selected, HRI shall provide information in the following areas:
- A) maps and detailed drawings outlining drainage areas of principal water courses and drainage features at the site;
 - B) drainage basin characteristics, including soil types and characteristics, vegetative cover, local topography, flood plains, geomorphic characteristics, and surficial and bedrock geology;
 - C) maps and detailed drawings showing the location of site features, particularly the location of the retention ponds and diversion channels;
 - E) analyses and calculations for water surface profiles and velocities associated with the ability of the retention ponds or diversion channels to resist or limit erosion and flooding;
 - F) analyses and computations of riprap or erosion protection needed to protect the retention ponds;
 - G) specific details on the design, construction, maintenance, and operation of the waste retention ponds and embankments (where applicable);
 - H) specific details on the design, construction, maintenance, and operation of the liners and leak detection system; and
 - I) any other analyses and computations which demonstrate that applicable design criteria have been met.

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10.27 Prior to the injection of lixiviant at the Crownpoint site, the licensee shall:

- A) Replace the town of Crownpoint's water supply wells NTUA-1, NTUA-2, BIA-3, BIA-5, and BIA-6, construct the necessary water pipeline, and provide funds so the existing water supply systems of the Navajo Tribal Utility Authority (NTUA) and the Bureau of Indian Affairs (BIA) can be connected to the new wells. Any new wells, pumps, pipelines, and other changes to the existing water supply systems, made necessary by the replacement of the wells specified above, shall be made such that the systems can continue to provide at least the same quantity of water as the existing systems. The new wells shall be located so that the water quality at each individual well head does not exceed the EPA's primary and secondary drinking water standards, as a result of *in situ* leach uranium extraction activities at the Unit 1 and Crownpoint sites. To determine the appropriate placement of the new wells, the licensee shall coordinate with the appropriate agencies and regulatory authorities, including BIA, NTUA, the Navajo Nation Department of Water Development and Water Resources, and the Navajo Nation EPA.
- B) Abandon and seal wells NTUA-1, NTUA-2, BIA-3, BIA-5, and BIA-6 in accordance with applicable requirements so these wells cannot become future pathways for the vertical movement of contaminants.

[Applicable Amendment: 3]

10.28 Prior to the injection of lixiviant at the Church Rock Section 17 site, Unit 1 site, or the Crownpoint site, the licensee shall submit to the NRC for approval the results of a groundwater restoration demonstration conducted at the Church Rock Section 8 site. The demonstration shall be conducted on a scale, acceptable to the NRC, that is large enough to determine the number of pore volumes that shall be required to restore a production-scale wellfield.

[Applicable Amendment: 2]

10.29 Before starting uranium extraction operations beyond the first well field at the Church Rock site, the licensee shall submit an NRC-approved groundwater restoration plan for the entire project. At a minimum, this plan shall include: (a) a proposed restoration schedule; (b) a general description of the restoration methodology; and (c) a description of post-restoration groundwater monitoring.

10.30 Prior to injecting lixiviant at any of the sites, the licensee shall submit an NRC-approved procedure-level, detailed effluent and environmental monitoring program. In addition, the licensee shall develop and administer its radiological effluent and environmental monitoring program consistent with Regulatory Guide 4.14. The licensee shall maintain, at a minimum, three airborne effluent monitoring stations at each site, at the locations described in COP (Rev.2.0) Table 9.5-1.

10.31 Prior to the injection of lixiviant at the Church Rock site, the licensee shall conduct a Westwater Canyon aquifer step-rate injection (fracture) test within the Church Rock site boundaries, but outside future well field areas. One such test at the Unit 1 or Crownpoint site shall also be performed before lixiviant injection begins at either of these sites.

10.32 Prior to the injection of lixiviant at any of the sites, the licensee shall: (a) collect sufficient water quality data to generally characterize the water quality of the Cow Springs aquifer beneath each of the project sites, by completing and sampling wells for the following water quality parameters: alkalinity, ammonium, arsenic, barium, bicarbonate, boron, cadmium, calcium, carbonate, chloride, chromium,

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copper, fluoride, electrical conductivity, iron, lead, magnesium, manganese, mercury, molybdenum, nickel, nitrate, pH, potassium, combined radium-226 and radium-228, selenium, sodium, silver, sulfate, total dissolved solids, uranium, vanadium, zinc, gross Beta and gross Alpha (excluding radon, uranium, and radium); and (b) conduct sufficient pumping tests to determine if the Cow Springs aquifer beneath each of the sites is hydraulically confined from the Westwater Canyon aquifer.

SECTION 11: MONITORING, RECORDING AND BOOKKEEPING REQUIREMENTS

- 11.1 The results of the following activities, operations, or actions shall be documented: sampling; analyses; surveys or monitoring; survey/ monitoring equipment calibrations; reports on audits and inspections; emergency generator use and maintenance records; all meetings and training courses required by this license; and any subsequent reviews, investigations, or corrective actions. Unless otherwise specified in a license condition or applicable NRC regulation, all documentation required by this license shall be maintained for a period of at least five (5) years by the licensee at its facility, and is subject to NRC review and inspection.
- 11.2 Flow rates on each injection and production well, and injection manifold pressures on the entire system, shall be measured and recorded daily.
- 11.3 Formation water, from monitoring wells at well fields undergoing uranium extraction or groundwater restoration activities, shall be sampled for upper control limit parameters at least once every 14 days, and the results documented pursuant to LC 11.1. During corrective action for a confirmed excursion, sample frequency shall be increased to once every seven days for the upper control limit parameters until the excursion is concluded. An excursion shall be considered corrected when all upper control limit parameters are reduced to their upper control limits.
- 11.4 Radiation Work Permits shall include, at a minimum, the information described in Section 2.2 of Regulatory Guide 8.31.
- 11.5 Site inspections and reviews shall be completed and documented by the licensee as described in Section 2.3.1 and 2.3.2 of Regulatory Guide 8.31.
- 11.6 The licensee shall implement a comprehensive bioassay sampling program that conforms to Regulatory Guide 8.22.
- 11.7 Until license termination, the licensee shall maintain documentation on all spills of source or 11e.(2) byproduct materials, and all spills of process chemicals. Documented information shall include date, volume of spill, total activity, survey results, corrective actions, results of remediation surveys, and a map showing spill location and impacted area. After any spill the licensee shall also determine whether the NRC must be notified, pursuant to LC 12.4.
- 11.8 Prior to land application of waste water, the licensee shall submit and receive NRC acceptance of a plan outlining how the licensee will monitor constituent buildup in soils resulting from the land application. The plan should identify the constituents resulting from land application that will be monitored, constituent threshold values for discontinuing land application and justification for the values selected.

**MATERIALS LICENSE
SUPPLEMENTARY SHEET**License Number
SUA-1580Docket or Reference Number
040-08968

Amendment No. 4 (Draft)

SECTION 12: REPORTING REQUIREMENTS

- 12.1 The licensee shall notify the NRC by telephone within 24 hrs of confirming a lixiviant excursion, and by letter within 7 days from the time the excursion is confirmed, pursuant to LC 10.12. A written report describing the excursion event, corrective actions taken, and the corrective action results shall be submitted to the NRC within 60 days of the excursion confirmation. If wells are still on excursion when the report is submitted, the report shall also contain a schedule for submitting additional reports to the NRC describing the excursion event, corrective actions taken, and results obtained. In the case of a confirmed vertical excursion, the report shall also contain a projected completion date for characterization of the extent of the vertical excursion.
- 12.2 The licensee shall notify the NRC by telephone within 48 hours of confirming a retention pond liner leak, pursuant to LC 10.5. A written report shall be submitted to the NRC within 30 days of the leak confirmation. This report shall include analytical data, describe the corrective action taken, and discuss the results of that action.
- 12.3 The licensee shall submit the required effluent reports in accordance with 10 CFR Part 40.65. The licensee shall submit the information specified in Section 7 of Regulatory Guide 4.14, in addition to the reports required by 10 CFR Part 40.65.
- 12.4 The licensee shall notify the NRC by telephone within 48 hours of any spill of source or 11e.(2) byproduct materials, and all spills of process chemicals, that might have a radiological impact on the environment. The notification shall be followed, within 7 days, by submittal of a written report detailing the conditions leading to the spill, corrective actions taken, and results achieved. This shall be done in addition to meeting the requirements of 10 CFR Parts 20 and 40.
- 12.5 In addition to reporting exposures of individuals to radioactive material in accordance with 10 CFR Part 20.2202, the licensee shall submit to the NRC a written report within 30 days of such reportable incidents, detailing the conditions leading to the incident, corrective actions taken, and results achieved.
- 12.6 In the event the licensee's approved waste disposal agreement expires or is terminated, the licensee shall notify the NRC in writing within 7 working days after the expiration date.
- 12.7 As part of the licensee's decommissioning activities for a site, the licensee shall submit to the NRC for review and approval a detailed site reclamation plan. The plan shall be submitted at least 12 months prior to the planned final shutdown of uranium extraction operations at the site. If depressions appear at the land surface due to subsurface collapse from *in situ* leach uranium extraction activities, the licensee shall return the land surface to its general contour as part of the surface reclamation activities. Before release of any site to unrestricted use, the licensee shall provide information to the NRC verifying that radionuclide concentrations, due to licensed materials, meet radiation standards for unrestricted release.

**MATERIALS LICENSE
SUPPLEMENTARY SHEET**

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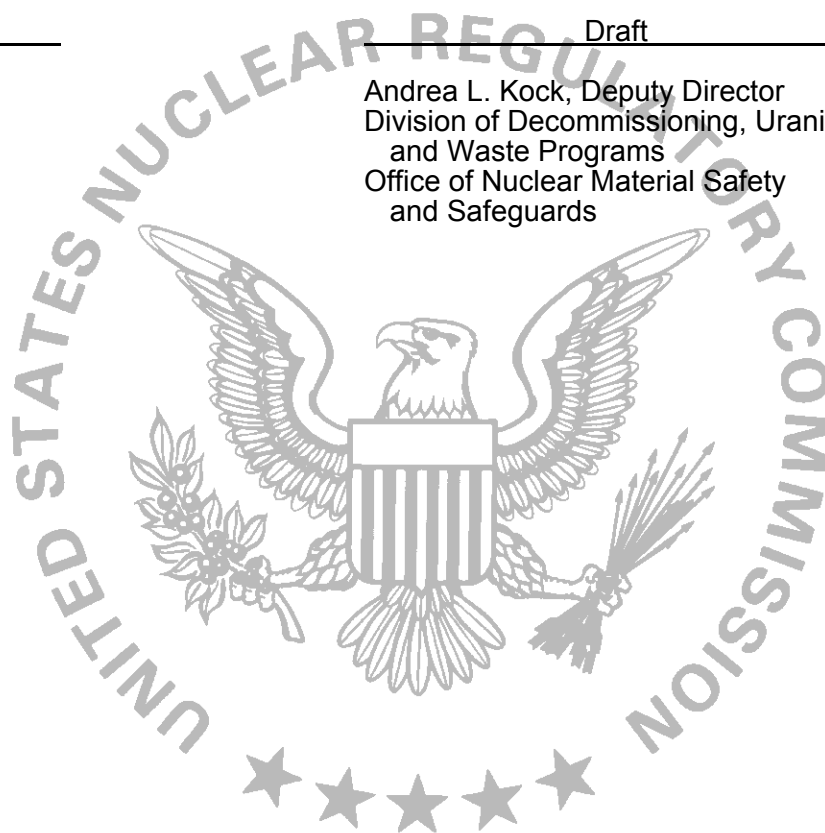
- 12.8 The licensee shall provide in an annual report to the NRC, a description of all changes, tests, and experiments made or conducted pursuant to LC 9.4, including a summary of the safety and environmental evaluation of each such action. As part of this annual report, the licensee shall include any COP pages revised pursuant to LC 9.4.

FOR THE NUCLEAR REGULATORY COMMISSION

Dated: _____

Draft _____

Andrea L. Kock, Deputy Director
Division of Decommissioning, Uranium Recovery,
and Waste Programs
Office of Nuclear Material Safety
and Safeguards



ATTACHMENT A

The licensee shall conduct its operations in accordance with all commitments, representations, and statements made in the following submittals, which are hereby incorporated by reference, except where superseded by license conditions in this license.

- May 8, 1989 (Crownpoint Facility Supplemental Environmental Report)
- July 13, 1989 (Crownpoint Cultural Resources Survey)
- January 6, 1992 (Unit 1 Allotted Lease Program Environmental Assessment (EA))
- July 31, 1992 (Unit 1 and Crownpoint Project Environmental Reports)
- October 9, 1992 (Unit 1 Underground Injection Control (UIC) Application)
- October 30, 1992 (Cultural Resources-Environmental Assessment and Management Plan for Crownpoint, NM)
- March 16, 1993 (Churchrock Project Revised Environmental Report)
- March 16, 1993 (Section 9 Pilot Summary Report)
- April 5, 1993 (page changes)
- April 6, 1993 (page changes)
- July 26, 1993 (page changes)
- October 11, 1993 (page changes)
- October 18, 1993 (Analysis of Hydrodynamic Control at Crownpoint and Churchrock)
- October 19, 1993 (Churchrock Surface Hydrology Analysis)
- October 19, 1993 (Churchrock and Crownpoint Aquifer Modeling Supplement)
- November 11, 1993 (page changes)
- January 24, 1994 (page changes)
- November 20, 1993 (Response to NRC Request for Additional Information)
- February 23, 1994 (Description of Radon Emission Controls)
- January 6, 1995 (EA Allotted Lease Program Unit 1)
- October 9, 1995 (Unit 1 UIC Application)
- February 20, 1996 (Response to NRC Comments)
- April 10, 1996 (Response to NRC Comments)
- May 3, 1996 (Response to NRC Comments)
- June 18, 1996 (Unit 1 Water Quality Information)
- August 15, 1996 (Response to NRC Comments)
- August 16, 1996 (Response to NRC Comments)
- August 21, 1996 (page changes)
- August 30, 1996 (Response to NRC Comments)
- September 5, 1996 (Surface Water Drainage Analysis at Churchrock)
- September 6, 1996 (page changes)
- September 13, 1996 (Response to NRC Comments)
- September 27, 1996 (Response to NRC Comments)
- September 30, 1996 (Crownpoint Uranium Project COP, Rev. 0.0)
- October 15, 1996 (Response to NRC Comments)
- October 18, 1996 (Restoration Standards Commitment)
- October 20, 1996 (Response to NRC Comments)
- October 29, 1996 (Response to NRC Comments)
- November 18, 1996 (Response to NRC Comments)
- November 26, 1996 (Response to NRC Comments)
- December 20, 1996 (NRC Proposed Requirements and Recommendations)
- December 26, 1996 (HRI Acceptance Letter to NRC Proposed Requirements and Recommendations)
- April 1, 1997 (NRC Proposed Requirements)
- April 25, 1997 (HRI Acceptance Letter to NRC Proposed Requirements)
- May 15, 1997 (Crownpoint Uranium Project COP, Rev 1.0)
- June 16, 1997 (Churchrock Design Specifications for Surface Water Diversion Channel)
- July 9, 1997 (HRI Electric Power Supply Commitment)
- August 18, 1997 (Response to NRC Comments)
- October 24, 1997 (HRI Commitment on Groundwater Baseline Sampling)