

Sweetwater Uranium Facility  
Kennecott Uranium Company  
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PETITION RULE PRM 30-61  
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**Kennecott  
Energy**

Secretary  
U.S. Nuclear Regulatory Commission  
Attn: Docketing and Services Branch  
Washington, D.C. 20555-0001

Gentlemen:

Kennecott Uranium Company is the operator and manager of the Sweetwater Uranium Project located in Sweetwater County, Wyoming and a uranium recovery licensee. Kennecott Uranium company has reviewed the Petition for Rulemaking from the Nuclear Energy Institute (NEI), Docket No. PRM-30-61, published in the Federal Register on August 21, 1996 (Volume 61, Number 163) page 43193-43195. This petition concerns Timeliness in Decommissioning and proposes changes to the language of the rule which would permit facilities to enter a "standby mode" during which the facility would be monitored and maintained pending future operation.

Kennecott Uranium Company supports this petition and believes that it represents a sound and rational alternative for operators with facilities currently not operating pending improved markets. Adoption of this proposed language would allow uranium recovery plants (mills and in-situ leaching facilities) to enter standby mode pending improvements in the uranium market with assurance that the standby monitoring and maintenance would be adequate and that such activities would be properly funded. Kennecott Uranium Company has the following specific comments on the petition:

**1. Stability/Future of the Uranium Recovery Industry**

Kennecott Uranium Company agrees with the Nuclear Energy Institute (NEI) that the nuclear industry has matured and stabilized and operators are more willing to assume holding costs for a facility on standby. In the uranium milling industry for example only six (6) mills remain in the United States out of the thirty (30) or forty (40) in existence approximately two (2) decades ago. Within the last year the uranium market has begun to recover. At least three (3) of these idled mills are making submittals to the Nuclear Regulatory Commission relating to resumption of operations at some future date. Companies willing to expend resources on preparation of submittals to resume operations would also be willing to assume holding costs for the facility prior to startup.

**2. Unavailability of a Standby Mode in the Present Regulations**

The present regulations do not provide for a standby mode. The regulations do allow the licensee to request a postponement of the initiation of Timeliness in Decommissioning. This postponement may be granted if it "is not detrimental to the public health and

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Company is Manager of the Green Mountain Mining Venture

Kennecott Energy Company provides marketing and other services on behalf of Curious Mining Company.

Antelope Coal Company, Spring Creek Coal Company and Kennecott Uranium Company.

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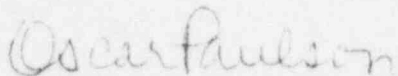
**safety and is otherwise in the public interest."** This is regulation by exception. It would be better to include specific provisions for maintaining a licensed facility in standby mode.

3. **Impact on a Licensee's Commercial Decisions**

The current regulations impact heavily on a licensee's ability to make commercial decisions that allow it to compete in the market place. The current regulations force (absent a postponement) a licensee to decommission a large capital investment that is currently idle in spite of the fact that it may be economically viable in the future. No other industry is forced to dispose of idled assets in such a manner. Other industries can maintain a plant, building or other facility in standby mode pending changes in economic conditions. The uranium recovery industry should be allowed the same flexibility.

In conclusion, Kennecott Uranium Company strongly supports this petition for rulemaking. If you have any questions please do not hesitate to contact me.

Sincerely yours,



Oscar Paulson  
Facility Supervisor  
BA18C.OCT

cc: Felix Killar - NEI  
Katie Sweeney - National Mining Association  
Jon Indall - Uranium Producers of America  
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