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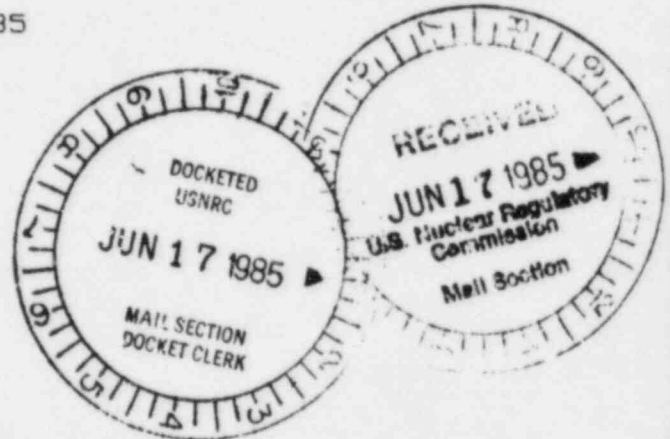
## AMERICAN NUCLEAR CORPORATION

JOHN C. FERGUSON, PRESIDENT  
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P.O. BOX 2713  
CASPER, WYOMING 82602

June 13, 1985

Harry J. Pettengill, Chief  
Licensing Branch 2  
Uranium Recovery Field Office, IV  
Nuclear Regulatory Commission  
P.O. Box 25325  
Denver, CO 80225



Re: Docket No. 40-4492, Source  
Materials License No. SUA-667

Dear Mr. Pettengill:

As stated at our May 30, 1985 meeting in Denver, American Nuclear Corporation (ANC) is desirous of remaining one of the participants in the domestic uranium mining and milling industry. To accomplish this objective, we need to have milling facilities reasonably available. We recognize that even in these hard economic times, our industry must satisfy the various rules and regulations that have been imposed upon us while, at the same time, try to husband our financial resources and take advantage of situations as they arise. It is in this regard that we are willing to and hereby do withdraw from active consideration our application for renewal of Source Material License SUA-667 which was originally filed in 1979 by Federal-American Partners (FAP), the former owner-operator of American's uranium mill located in the Gas Hills Uranium District of central Wyoming. This action is being taken with the understanding that the non-obsolete portions of our mill and the mill site will remain available for our future use by re-submitting an application for a re-licensing of the facility, should economic conditions in the uranium industry change to justify such action.

Further, American hereby elects to decommission Tailings Pond No. 1 (T.P. 1) subject to and as part of its being licensed as the permanent repository (reclamation site) for the Susquehanna Western mill tailings, currently located in Riverton, Wyoming. We would in that event also plan to place the Bullrush Heap Leach pile in T.P. 1 as well as the obsolete portions of the mill which are to be decommissioned. As discussed at our Denver meeting, it is our hope that T.P. 1 will be selected by the Department of Energy (DOE) as the repository for the one to two million tons of tailings and contaminated material presently associated with the Susquehanna site. The decision on moving these tailings and the awarding of a contract for their ultimate reclamation, is expected to be made by the

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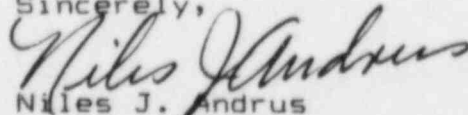
DOE within the year. It would be our desire that if we were successful in obtaining the contract to place those tailings in T.P. 1, that work would begin as soon as possible.

If we are not the successful bidder and/or those tailings are not going to be reclaimed at our facility, it would still be our intention to begin the reclamation of T.P. 1 along with those portions of our mill which are felt to be obsolete within eighteen months in accordance with the Reclamation Plan approved October, 1984 by Wyoming's Department of Environmental Quality (DEQ). In either case this work would be done by withdrawing monies currently on deposit with the DEQ which, we understand from your discussions with the DEQ, will be possible.

If the foregoing meets with your approval, we shall immediately begin making the necessary arrangements with the DEQ to access the funds and to commence reclamation activities. It will also be necessary to withdraw our application in such a manner so as not to prejudice our position and/or eligibility to receive funds from or turn over our tailings to the Federal government as is currently being proposed in legislation pending before the United States Congress. In addition to the foregoing, American will immediately begin to formulate a schedule of reclamation activities and propose a time table for their implementation. The schedule for these activities will be provided within six months from your acceptance of this proposal with plans to commence filed operations within eighteen months. This should provide adequate time for DOE to make its determination concerning the Susquehanna tailings.

ANC also requests that, at this time, the required water monitoring requirements for the ANC facility be reduced as suggested by Hydro-Engineering's "Review of ANC's Gas Hills Tailings Groundwater Quality", a copy of which was left with you at the conclusion of our May 30th meeting, and that ANC be allowed to discontinue all radiation and air quality monitoring at the Puddle Springs Ranch station and the Loco Shop station as discussed.

Sincerely,



Niles J. Andrus  
Vice President-Operations

NJA/mk